

► TÜRK TELEKOM 2023 ANNUAL REPORT

Contents

Türk Telekom in Brief	3
2023 in Numbers	3
Türk Telekom at a Glance.....	3
Capital and Shareholder Structure.....	4
Subsidiaries, Affiliates and Financial Investments.....	4
Vision and Values.....	5
2023 Highlights	6
Management.....	7
Assessment of the Board of Directors	7
Assessment on the Financial Status and Operational Results.....	7
Our Sustainability Performance	13
Assessment of the Committees of the Board Of Directors.....	14
Board of Directors	16
Türk Telekom Senior Management.....	20
Türk Telekom Group Companies General Managers.....	26
Organisational Structure	28
Stock and Bond Information	29
Research and Innovation Activities.....	30
Corporate Governance	31
Important Developments After the Accounting Period	31
Dividend Distribution Proposal	34
Conclusion of Affiliation Report.....	34
Corporate Governance Compliance Report	35
Corporate Governance Information Form	63
Sustainability Principles Compliance Report	70
Statement of Indepence	75
Financial Information	78
Statement of Responsibility	78
Independent Auditor's Report on the Annual Report of the Board of Directors	80
Independent Auditor's Report on Consolidated Financial Statements	82
Consolidated Financial Statements, Independent Auditor's Report and Footnotes	91

Türk Telekom in Brief

2023 in Numbers

Türk Telekom provides high quality service to its customers with its extensive nationwide fibre network.

- 52.9 million Subscribers
- 99.6% LTE Population Coverage
- 52% Fibre Connected LTE Base Stations
- 437 thousand km Fibre Network in 81 Provinces
- 32.2¹ million Fibre Homepass
- 2nd Player in Pay TV Market
- 37,265 Employees
- 100.2 billion TL Revenue
- 16.4 billion TL Net Income

Türk Telekom at a Glance

With its customer-oriented and integrated structure, Türk Telekom responds to the rapidly changing communication and technology needs of its customers in the most effective and appropriate way.

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

Türkiye’s Multiplay Provider

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

Türk Telekomünikasyon A.Ş., providing PSTN and wholesale broadband services, directly owns 100% of mobile operator TT Mobil İletişim Hizmetleri A.Ş., retail internet services, IPTV, satellite TV, Web TV, Mobile TV, Smart TV services provider TTNET A.Ş., convergence technologies company Argela Yazılım ve Bilişim Teknolojileri A.Ş., IT solution provider İnnova Bilişim Çözümleri A.Ş., online education software company SEBIT Eğitim ve Bilgi Teknolojileri A.Ş., call centre company AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., project development and corporate venture capital company TT Ventures Proje Geliştirme A.Ş., Electric Supply and Sales Company TTES Elektrik Tedarik Satış A.Ş., provider of combined facilities support activities TT Destek Hizmetleri

¹ We have reflected the estimated impact of the February 2023 earthquakes on our homepass numbers. However, the assessment of the earthquake impact on homepass numbers is still work-in-progress; hence the numbers provided may be subject to changes.

A.Ş. with TT International Holding BV, wholesale data and capacity service provider TT International Telekomünikasyon Sanayi ve Ticaret Ltd.Şti., and financial technology company TTG Finansal Teknolojileri A.Ş. and indirectly owns Consumer Finance Company TT Finansman A.Ş, software programs retail and wholesale company TT Ventures Inc, subsidiaries of TT International Holding BV, TV Broadcasting and VOD services provider Net Ekran Companies, telecommunications devices sales company TT Satış ve Dağıtım Hizmetleri A.Ş. and payment and e-money services company TT Ödeme ve Elektronik Para Hizmetleri A.Ş., and web portal and computer programming company APPYAP Teknoloji ve Bilişim A.Ş.

Capital and Shareholder Structure

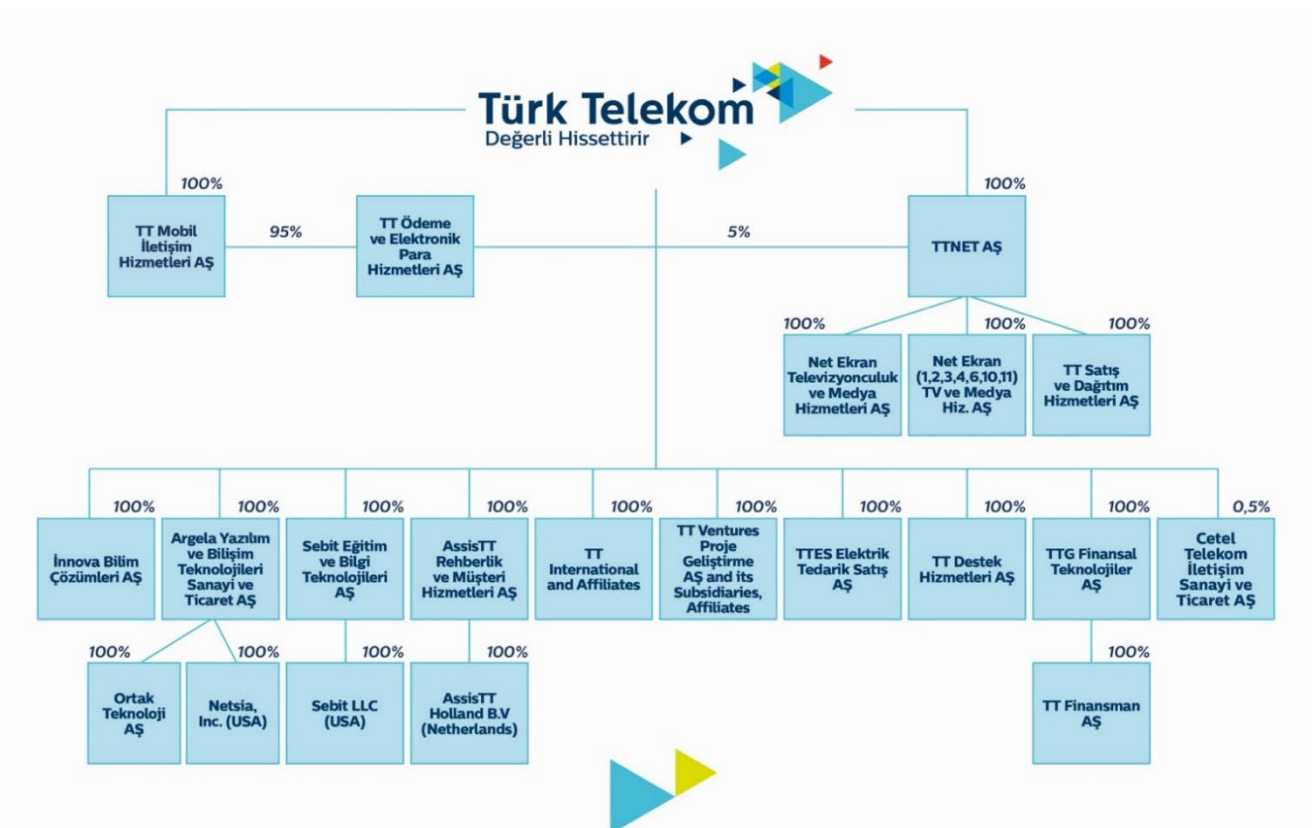
Türk Telekom is one of the leading companies in Türkiye with its strong capital and shareholder structure.

Türkiye Wealth Fund (TWF) is the largest shareholder of Türk Telekom with 61.68% shareholding (1.68% of which is publicly traded). The Republic of Türkiye Ministry of Treasury and Finance has a 25% shareholding and 15% free float.

- TWF's (Group A) and (Group B) nonpublic share ownership is 55% and 5% respectively, in which (Group D) public share ownership is 1.68%.
- The Republic of Türkiye Ministry of Treasury and Finance's (Group B) non-public share ownership is 25%. In addition, the Turkish Treasury owns a (Group C) "Golden Share" with nominal price of TL 0.01.
- Public shares (Group D) constitute 15% of total capital.

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

Subsidiaries, Affiliates and Financial Investments



Vision and Values

Our Priority is To Make You Feel Valuable

Türk Telekom is working for the future of our country with the strength it derives from its deep-rooted history of more than 180 years. As the telecom operator leading the country's digital transformation, it is Türk Telekom's primary task to carry Türkiye into the future. Its priority is to go beyond being a mere technology company and making everyone it touches "Feel Valuable" in every area it has a presence in. Türk Telekom aims to realise this vision with 17 values that it accepts as its compass.

Türk Telekom;

-  **1**
is human oriented
With this understanding, it works day and night with the principle of providing the best service to all corners of the country.
-  **3**
is honest
It stands behind every word, attitude, and behaviour of itself.
-  **5**
is lean
It adopts clarity in business and relationship processes.
-  **7**
is innovative
As a follower and practitioner of innovation brought about by technology, it works with the mission of carrying Türkiye into the future.
-  **9**
is young-spirited
It keeps up with the times and today's conditions.
-  **11**
works for social good in technology
It acts on the principle of "Accessible Communication for All and firsts that mark Türkiye's technology history.
-  **13**
is at peace with its past
It represents an institutional memory and spirituality that bear witness to Türkiye's history.
-  **15**
cares about its values
It always considers the priorities and sensitivities of the society in which it exists.
-  **17**
is sharing
It is willing to share the values it owns and creates with the whole society.
-  **2**
is brave
It knows no obstacles in running forward and adopts the principle of doing what would be considered impossible.
-  **4**
is sincere
It displays a loving and sincere approach in all of its relationships.
-  **6**
is a leader
It proudly carries the pioneering qualities of being the driving force of its industry and acts accordingly.
-  **8**
is agile
Its capability to be flexible and take quick action lies behind its success in all business processes.
-  **10**
is human oriented
With this understanding, it works day and night with the principle of providing the best service to all corners of the country.
-  **12**
understands social responsibility
It takes upon the problems of the country's people with its sensitivity to give back to the society what it takes from it.
-  **14**
is domestic and national
In line with Türkiye's goals, it has the consciousness and sense for developing the most advanced technologies with domestic and national resources.
-  **16**
is productive
It makes a difference with what it produces by working and supporting.



Türk Telekom adopts these values as its principles in every effort it sets out and every word it tells, both in its approach to handling the internal businesses and outside the organisation, and in communication and relationship management processes. With the power it drives from all these 17 values: **"Türk Telekom Makes You Feel Valuable."**

2023 Highlights

- Türk Telekom applied to the ICTA for the extension of the concession agreement for the provision of telecommunications services in line with the relevant legislation.
- Türk Telekom's fibre network length, which was 403 thousand kilometers at the end of 2022, reached 437 thousand kilometers by the end of 2023.
- Türk Telekom renewed the infrastructure of its TV platform Tivibu to offer its customers a better TV experience.
- Türk Telekom Ventures launched the E4 Charging-Electric Vehicle Charging Network project and entered the Electric Vehicle Charging Operator market as a 'Charging Network Operator'.
- Türk Telekom's capacity to utilize solar energy in 2023 increased by 60% compared to 2020.
- In line with its strategy to increase renewable energy generation, Türk Telekom has been allocated 405.8 MWe of installed capacity from the Turkish Electricity Transmission Corporation (TEİAŞ) in 2023. This capacity² corresponds to approximately 65% of the purchased electricity consumption in 2022.

² Electricity consumption includes Türk Telekom, TT Mobil and TTNET.

Management

Assessment of the Board of Directors

Assessment on the Financial Status and Operational Results

Türk Telekom delivered a successfully balanced performance in a year we had to deal with significant headwinds.

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

Consolidated EBITDA dropped by 7.9% annually closing the year at TL 33.5 billion vs TL 36.4 billion in 2022. Similarly, FY EBITDA margin contracted by 640 bps on annual basis to 33.5%. A higher growth in opex compared to revenue was the main driver of EBITDA margin contraction but the southern earthquakes also affected the performance.

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

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

Net Debt/EBITDA ratio dropped to 1.17x as of the year-end from 1.27x a year ago.

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

Capex reached to TL 25.8 billion in 2023, compared to TL 24.0 billion in 2022. Capex/Sales ratio decreased from 26.2% in 2022 to 25.7% in 2023.

2023 Operational Highlights

The number of Türk Telekom subscribers reached 52.9 million in 2023.

Fixed broadband subscriber base increased to 15.2 million in 2023.

Fibre subscribers rose to 12.9 million in 2023 with 1.3 million net additions

The share of fibre subscribers in fixed broadband base increased from 77.7% to 84.7% compared to the previous year. The number of Fibre to the Cabinet (FTTC) subscribers reached 8.6 million, while the number of Fibre to the Home/Building (FTTH/B) subscribers increased to 4.3 million.

Fibre network covered 32.2 million households by the end of 2023 compared to 31.4 million as of 2022. FTTC homepass was 20.5 million while FTTH/B homepass increased to 11.8 million. Fibre cable network length increased to 437 thousand km as of 2023 from 403 thousand km as of 2022.

Mobile subscriber base expanded to 26.2 million by adding 724k subscribers in 2023 on net basis. Postpaid net adds also hit a historic-record performance by adding 1,6 million subscribers while prepaid segment contracted net 890 thousand subscribers. The ratio of postpaid customers in our mobile portfolio climbed to its highest level of 70.8%.

Average monthly data usage per LTE user increased by 23.4% from 11.9 GB in 2022 to 14.7 GB in 2023.

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

Summary Income Statement (TL Million)	2022	2023	2022-2023 Değişim (%)
Revenues	91.401	100.185	9,6%
Net Operating Expenses Excluding Depreciation and Amortisation	(55.000)	(66.662)	21,2%
Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	36.401	33.523	(7,9)%
Depreciation and Amortisation	(34.499)	(35.488)	2,9%
Operating Profit	1.902	(1.965)	n.m.
Net Financial Income/(Expense)	(17.863)	(18.173)	1,7%
Monetary Gain /(Loss)	23.505	23.568	0,3%
Tax	(634)	12.991	n.m.
Net Income/(Loss)	6.910	16.422	137,7%

Summary Balance Sheet (TL Million)	2022	2023
Cash and Cash Equivalents	8.444	13.591
Tangible Assets ³	75.915	76.090
Intangible Assets	58.750	55.350
Rights of Use Assets	5.883	5.583
Other Assets ⁴	38.312	44.107
Total Assets	187.304	194.721
Share Capital	53.241	53.241
Reserves, Retained Earnings and Other Equity Items	27.548	45.049
Interest Bearing Liabilities ⁵	69.073	65.879
Other Liabilities ⁶	37.441	30.551
Total Equity and Liabilities	187.304	194.721

Assessment of Risks and the Board of Directors

Enterprise Risk Management is a systematic process, shaped and used in determining strategies by the senior management and all other employees and implemented across the entire company, developed in order to define potential events that may have an impact on the company, manage risks in line with the corporate risk appetite and provide a reasonable degree of assurance for the Company to achieve its objectives.

With the awareness of the value added through risk management, Türk Telekom adopts international standards in Enterprise Risk Management and carries out the necessary work to develop risk management activities in line with best practices. The Company follows ISO 31000 standard in establishing the framework that includes the general basis and principles of Enterprise Risk Management and the formation of the risk life cycle process.

In this context, Enterprise Risk Management Process includes;

- Establishing a framework,
- Identification of the risk,
- Risk analysis,

³ Tangible assets include property, building or plant and equipment and investment property.

⁴ Major items within other assets are trade receivables, due from related parties, inventories, deferred tax asset, and other current assets.

⁵ Includes short-term and long-term borrowings and lease obligations.

⁶ Major items within other liabilities are deferred tax liability, trade payables, provisions, income tax payable, due to related parties, other current liabilities, provisions for employee termination benefits and minority put option liability.

- Risk assessment,
- Risk mitigation,
- Communication and exchange of views,
- Monitoring, review and reporting

Strategic Goals and Risk Management

Evaluation of the trends in the sector on both global and national levels, interpretation of the technological developments, review and approval of the strategic plans and annual budgets that include the strategic goals determined on the basis of customer preferences rests with the Board of Directors.

The performance in achieving strategic goals is monitored by the Board of Directors on a monthly basis.

Risk Management aims to support the Company in achieving its strategic goals with its structure which creates value add and preserves the created value. The Company aims to manage its risks with a comprehensive and holistic approach at all levels, from the long-term strategic goals of the Company to its daily operations. With enterprise risk management integrated into all processes, decision makers will be able to act with risk awareness.

The principal risks faced by Türk Telekom Group are classified in 4 main categories: financial, strategic, operational and sustainability risk management.

Financial Risks

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

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

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

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

Türk Telekom aims to keep the impact of FX exposure on the financial statements to a minimum with its FX risk management transactions. In this respect, Türk Telekom has a

total hedge position of USD 2,371⁷ million equivalent, details of which are provided in the footnotes of its audited financial statements. The total hedge position including the cash in hard currency, which provides a natural hedge against FX exposure is USD 2,555 million equivalent.

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

Strategic Risks

Türk Telekom operates in a sector with high levels of technological innovation, competition and regulatory developments. Türk Telekom meticulously analyses the positions of its competitors and technological developments in the market, as well as changing customer preferences with a comprehensive understanding on the sector.

Taking these factors into consideration, proactive risk management activities are conducted in parallel with the Company's strategic priorities aligned to both increasing the revenues and meeting customer expectations.

In line with its strategic goals, Türk Telekom develops solutions to aid the lives of individuals and the public sector by using information and communication technologies. In order to prepare for the future, the Company turns its competitive advantage in providing infrastructure for high-performance products and technologies, maintaining and improving its market position and brand value into opportunities with a holistic risk management approach.

With its structure strengthened by its subsidiaries, the Company seizes opportunities in both the domestic and foreign markets by substituting the areas where it might lose market share with new products and services, despite the possibility of developments that may cause changes in the legislation and the sector.

Operational Risks

Türk Telekom provides services which are dependent on technological infrastructure. Therefore, it is important to identify the risks to which these services are exposed accurately and to manage them successfully in order to achieve the business targets. Incidents such as malfunctions, power cuts and natural disasters, which may have an impact on Türk Telekom's communication infrastructure and critical systems, may affect the Company's ability to provide services to its subscribers.

Business Continuity Management defines potential threats to be faced and their impact on key activities, if these threats materialise. This study ensures the protection of internal and external stakeholders, the Company's reputation, brand value, products and activities. In this way, a holistic management process that enables corporate flexibility is implemented. Critical products and services are subjected to the Business

⁷ Hedged amount includes hedging of FX financial debt, currency protected time deposit, hedging of FX net trade payables and net investment hedge. Currency protected time deposit included in hedged amount is worth USD 266 mn.

Our long FX position was USD 542 million by year-end. Excluding the ineffective portion of the hedge portfolio, namely the PCCS contracts, foreign currency exposure was USD 245 million short FX position.

Impact Analysis and Risk Assessment. Necessary performance improvements are undertaken in light of continuity objectives following performance assessment.

Cyber security risk may arise as a result of a combination of threats and vulnerabilities in the digital environment. It may affect the delivery of strategic goals by disrupting confidentiality, integrity and accessibility of information. Events and their consequences such as interruption of critical systems Denial-of-Service attack (DDoS), disruption of competitive power as a result of the disclosure of strategic data (such as the theft of trade secrets), loss of customer trust and reputation as a result of personal data breach, financial and operational losses due to the destruction of corporate data and systems and penal sanctions which may be faced as a result of failure to comply with the applicable laws and regulations are assessed. All information technologies and network operations are carried out within the framework of security policies. Problems within this context are constantly analysed and monitored within the scope of early detection mechanisms. Appropriate controls are established for the heightened digital security risk along with accelerated digital transformation and remote working. In addition, training and awareness activities are carried out for employees.

Türk Telekom undertakes extensive efforts to protect itself and its subscribers against business disruptions and security breaches. The Company oversees the implementation of correct practices, standards and policies, and takes significant steps in this regard, including obtaining certificates such as ISO 22301 and ISO 27001. Additionally, the Company holds the PCI-DSS certification for the mobile network.

The nature of the sector involves working with a certain number of high technology suppliers. In this context, realisation of risks pertaining to suppliers and subcontractors could result in loss of reputation due to inefficiency in the value chain that touches the customer, negative customer experience due to reduced quality of products and services, security breach and data leakage or business interruption. For this reason, an effective procurement is targeted by taking into account the main factors such as TCO (Total Cost of Ownership), supply chain risks and sustainability.

The increasing demand for the new generation dynamic and digital workforce with the transformation of working models makes the importance of competent employees more evident. The risks and opportunities, created by the remote and hybrid working model on employee motivation, on the performance and loyalty are monitored. Recruiting, training and retaining the suitable employees that match the requirements of the business are the critical factors in the success of the Company. Türk Telekom implements a number of human resources practices aimed at effectively managing its manpower. The Türk Telekom Academy continues to launch training projects which support the development of its employees.

Sustainability Risk

As Türkiye's first integrated telecommunication operator, working for the future of the country, Türk Telekom aims to integrate the universal principles of sustainability into its business model, strategies and corporate decisions with the aim of leaving a liveable world to future generations. The communication sector provides basic solution tools in economy, innovation, health, education and in many other areas to ensure social equality, protect the environment and combat the climate crisis, improve quality of life. Thus, it directly serves the Global Sustainable Development Goals.

Türk Telekom considers the concept of sustainability not only as a risk management element, but also as an opportunity to create value. Within the scope of Türk Telekom sustainability activities, which started to be evaluated comprehensively with the management system formed in 2020, a programme based on the adoption of the sustainability approach is established. The aim of this programme is to effectively manage risks focused on Climate Change and Environment, Contributing to Society and Value for Human.

Risk Appetite

Risk appetite is defined as the extent and type of risk that the Company is willing to take/bear while carrying out its activities. Risk appetite may be defined as a set of boundaries which provide clear guidance to all levels of the organisation setting out the limits of the risks they can take.

Türk Telekom operates in a highly competitive and rapidly changing industry that requires investment. This urges swift and smart strategic decision-making processes. For this reason, it is important that managers have a high awareness of the risks they face and consider these risks when taking decisions.

Risk Appetite, which was created in line with the opinions of the senior management and evaluated by the Early Identification and Management of Risks Committee, was approved by the Board of Directors.

The Group aims to integrate the risk appetite framework into its decision-making processes and daily operational activities with an effective staging structure. In this context, activities to establish indicators and concrete limits for risk measurement continue.

Our Sustainability Performance

We continue with our efforts to reduce our greenhouse gas emissions in order to transition to a low-carbon economy. In this context, by offering environment-friendly, low carbon emission services and solutions, we contribute positively to many sectors in addition to telecommunications and to our country's 2053 Net Zero target. We follow environment-oriented policies in the field of waste management and develop practices to reduce our waste. As Türk Telekom, we carry out waste management activities in line with our Sustainability Policy. The Climate Change and Environment Focus of our Sustainability Policy includes our environmental commitments such as efficient use of resources, prevention of waste generation, separation of waste at source and compliance with legal requirements in these matters. We follow and fully comply with national and international requirements. In addition to following legal legislations, we act in full compliance (100%) with the ISO 14001 Environmental Management System standard at all our sites. We don't have any employees or work areas that are excluded from the scope of ISO 14001 standard. In addition, we have started TSRS 1&2 reporting preparations and we have been making our reporting preparations since the opinions we gave before the implementation of the legislation within the framework of the legislation.

In addition, we do not have any environmental accidents reported or environmental fines accrued in 2023.

Assessment of the Committees of the Board Of Directors

Early Identification and Management of Risks Committee Activities

The Early Identification and Management of Risks Committee has effectively fulfilled the duties assigned to it within the framework of its working principles. In 2023, the Committee convened five times to review the identified risks, to notify the Board of Directors about the significant risks, to provide the necessary resources for the effective fulfilment of the Enterprise Risk Management function, to ensure the coordination of Enterprise Risk Management and Internal Audit and other business units.

Corporate Governance Committee Activities

The Corporate Governance Committee has effectively fulfilled the duties assigned to it within the framework of its working principles. It convened two times in 2023 and monitored and evaluated the Corporate Governance Rating process which is carried out every year and monitored the preparation process of the Corporate Governance Principles Compliance Report, which is part of the Annual Report and presented it to the Board of Directors. It also monitored the developments regarding the position of the company in Sustainability indices.

Audit Committee Activities

The Audit Committee has effectively fulfilled the duties assigned to it within the framework of its working principles. The purpose of the Committee is to assist the Board of Directors in meeting its supervisory role related to its oversight requirements regarding the Company's financial reporting process, internal control system, audit process, compliance with laws and regulations and the code of conduct and other matters to be delegated to the Committee by the Board. Acting in accordance with the authority and responsibility granted to it by the Board, the Committee reports to the Board of Directors.

The Audit Committee consists of at least two independent members elected by the Board from among its members. The Audit Committee carries out its activities within the framework of the Audit Committee Working Principles approved by the Board of Directors. The Committee effectively fulfils the duties assigned to it within the framework of its regulation.

The Audit Committee meets at least once every three months and four of these meetings are held before the financial statements are announced; and the Committee may, if deemed necessary, convene more frequently.

The Audit Committee informs the Board of Directors about its meetings and activities during the year. The Committee convened five times in 2023 to effectively monitor the accounting, finance and auditing processes of the Türk Telekom Group and compliance with the laws and regulations and the code of conduct, and to review and monitor the other issues that are assigned by the Board of Directors from time to time.

Internal Audit Department Activities

Türk Telekom's Internal Audit Department conducts assurance and consultancy activities in Türk Telekom and all Group companies in an independent and objective manner by evaluating the effectiveness of risk management, internal control, and compliance with legislation and governance processes. In order to carry out its activities

in an independent and objective manner, the Internal Audit Department works directly with the Audit Committee, which is a part of the Board of Directors, with the authority and responsibility emanating from the principles approved by the Board of Directors.

In the audit activities carried out, the effectiveness of the existing internal controls established to reduce the risks involved in business processes that may hinder the delivery of strategic goals is assessed. Causes and impacts of control weaknesses detected as a result of audits are analysed and action plans aiming to solve the problems are received from the relevant departments and the Internal Audit Department monitors whether these actions are implemented in a timely manner. In addition to the auditing activities, inspection and investigation activities are carried out where necessary.

The Department carries out its work in accordance with International Standards for the Professional Practice of Internal Auditing. In accordance with these standards, as a result of the quality assessment conducted by an external qualified and independent assessment team, a positive opinion was obtained that the activities of the internal audit department are carried out in accordance with the International Standards for the Professional Practice of Internal Auditing.

The Department attaches importance to the professional competence and improvement of its employees and encourages auditors to gain internationally recognised certificates in the field of auditing. The majority of the auditors hold nationally and internationally recognised certificates such as CIA (Certified Internal Auditor), CISA (Certified Information Systems Auditor), CFE (Certified Fraud Examiner) and CPA (Certified Public Accountant) certifications. Audit teams carry out financial, operational, information technologies and compliance audits according to their competencies.

Nomination and Remuneration Committee Activities

Nomination and Remuneration Committee has effectively fulfilled the duties assigned to it within the framework of its working principles and held three meetings in 2023.

Board of Directors

Dr. Ömer Fatih Sayan *Chairman of Board of Directors*

Born in 1977 in İstanbul, he received his Bachelor degrees in Electronics Engineering from İstanbul University, and Law School from Bahçeşehir University and Diplomacy Education from St. Antony's School, Oxford University. After completing his education, he completed his master's degree in Electrical and Electronics Engineering and Communication Engineering at the Technical University of Munich. He also completed his master's degree and PhD in Biomedical Engineering at İstanbul University. In addition to this, he successfully completed his PhD in Private Law at Yıldırım Beyazıt University.

In 1995, he started his career at İstanbul Metropolitan Municipality and continued his career in chip manufacturing, cell phone design and R&D at private companies in Turkey, Germany and the United States. Mr. Sayan took part in the initiative of Silicon Valley and worked on entrepreneurship and gave lectures on IT Law and New Trends in IT at various universities in Turkey and Germany. Mr. Sayan has given many lectures in conferences about research subjects and he has many articles published in scientific journals.

Mr. Sayan served as the Prime Ministry Counsellor and Chief Counsellor between 2007 and 2014, and in January 2014, he was appointed as a Board Member of the Information Technologies and Communication Authority. From August 2015 to July 2018, he served as Chairman of the Information Technologies and Communication Authority. Mr. Sayan has been assigning as the Deputy Minister of the Ministry of Transport and Infrastructure on July 21, 2018.

Mr. Sayan, who speaks English, German and French, is married and father of 3 children.

Yiğit Bulut *Independent Member of Board of Directors*

Chief Advisor of President, Economist, Financial Analyst, Banker, Journalist, Columnist. He worked as economy commentator in Kanal 6, Kanal E and CNN Türk and columnist in Radikal, Vatan, Referans and HaberTürk. Mr. Bulut, who serves as the producer and the presenter of Parametre and Finans Analiz TV programs, also worked as a lecturer in Doğu University for a period of time. Between 2009 and 2012, he was the Chief Production Director of HaberTürk TV, economy commentator in Bloomberg TR and columnist in HaberTürk Newspaper. Between 2012 and 2013, he was the Chief Production Director of 24 TV and columnist in Star Newspaper. He continued to present the TV discussion program "Sansürsüz" in 24 TV, transferring from HaberTürk TV.

He has served as the Prime Minister's Chief Advisor between July, 2013 and August 2014 and has been serving as Chief Advisor of President since August 2014. Mr. Bulut graduated from Galatasaray High School and Bilkent University, Faculty of Banking and Finance, and took his master's degree in Sorbonne University.

Yiğit Bulut speaks English and French.

Selim Dursun *Independent Member of Board of Directors*

Selim Dursun was born in İstanbul in 1957. He graduated from Mechanical Engineering Department of İstanbul Yıldız Technical University in 1980. He worked in the private sector as Mechanical Engineer and served in executive positions between the years of 1980–2002. He served as Advisor to Minister in the Ministry of Transport between 2003–2005, as Executive Assistant of Ministry of Transport between 2005–2011, as General Manager and Chairman in TÜDEMSAŞ between 2011–2012 and as Advisor to the Minister in Ministry of Transport between the years of 2012–2015. He was elected as a Member of Parliament from Sivas province in the 25th and 26th Parliaments of Turkey. In the same period, he worked as the Chair of Peru Friendship Group of Parliament of the Republic of Turkey. He carried out various social activities in Non-Governmental Organizations as chairman, manager and member. He served as a Board Member of the Taekwondo Federation between 2004–2007, as the Chairman of Transportation Sports Club Association between 2006–2015 and as the president of Sivas Demirspor Club between the years of 2011–2012. He served as Deputy Minister of the Ministry of Transport and Infrastructure of the Republic of Türkiye between July 2018 and May 2023. Selim Dursun is married and father of 4 children.

Enver İskurt *Independent Member of Board of Directors*

Enver İskurt was born in 1966 in Trabzon. İskurt graduated from Karadeniz Technical University, Faculty of Engineering and Architecture, Department of Construction.

In 1989, Mr. İskurt started to work as a Survey Team Engineer at the General Directorate of Highways Van 11th Regional Directorate and worked at Regional Directorates and General Directorate within the Highways between 1990–2018. He worked as Survey-Squad Engineer, Road Construction Control Engineer, Road Construction Control Chief, Road Superstructure (Asphalt) Chief Engineer at Regional Directorates of Highways until the end of 2005. He worked as Bridge Branch Manager, Head of Highways Department (Operations Department), Head of Highways (Operations) Department, Chief Inspector and Head of Inspection Board at KGM Inspection Board between 2006–2010 at General Directorate of Highways.

He was appointed as Deputy Minister of Transportation and Infrastructure on 23/07/2018 by the Presidential Decree. During his 5-year term as Deputy Minister between 2018–2023, he served as Deputy Minister responsible for; General Directorate of Highways, General Directorate of Railways Operation, General Directorate of Turkish Railways Transportation Inc., General Directorate of Infrastructure Investments, General Directorate of Turkish Post Offices Inc., General Directorate of State Airports Authority, General Directorate of Civil Aviation, General Directorate of TÜRASAŞ, General Directorate of Transportation Services Regulation, General Directorate of Maritime Affairs, General Directorate of Shipyards and Coastal Structures, General Directorate of Coastal Safety.

He was reappointed as Deputy Minister of Transportation and Infrastructure on 22.06.2023 by the Presidential Decree. He continues to serve as Deputy Minister responsible for; General Directorate of Highways, General Directorate of Railways Operation, General Directorate of State Airports Authority, General Directorate of Civil

Aviation and General Directorate of Infrastructure Investments. Enver İskurt is married and father of 2 children.

Salim Arda Ermut *Member of Board of Directors*

Arda Ermut has been the CEO and a member of the Board of Directors of the Turkey Wealth Fund since March 2021. Previous to his appointment, Mr. Ermut served as the President of the Investment Office of the Presidency of the Republic of Turkey between 2015-2020 and was a member of the TWF Board of Directors from 2018 to 2020. Mr. Ermut started his career as the Press and Public Relations Consultant to the Prime Minister and later joined the Investment Office of the Presidency, formerly known as the Turkey Investment Support and Promotion Agency, as a Project Director in 2005. During his time at the Agency, Mr. Ermut held various key managerial positions and was appointed President in 2015. In addition, Mr. Ermut served as a member of the Turkish Airlines Board of Directors and one of three Turkish Airlines Executive Committee members between 2019-2021. Playing an important role in bringing international direct investments to Turkey, Mr. Ermut was a member of the Board of Directors of the Vienna Economic Forum and SunExpress between 2015-2019, the Vice President of the Turkey Basketball Federation between 2019-2021, and the Chairman to the Board of Directors of the World Association of Investment Agencies (WAIPA) for four years.

Mr. Ermut graduated from Boğaziçi University with a Bachelor's degree in Political Science and International Relations.

Ümit Önal *Member of Board of Directors*

Ümit Önal, graduated from İstanbul University, Faculty of Communication, started his professional career in media and communication sector. He joined Turkuvaz Media Group in 2007 and served as the General Manager of ATV, Advertising Group President and Executive Board Member, respectively, until 2015. After being appointed as the Board Member and CEO of Digitürk in 2015, he managed Digitürk's sales process to BeIN Media Group. Mr. Önal joined Türk Telekom family as the Assistant General Manager, responsible for Sales and Customer Services, at the end of 2016, and in December 2018, he was appointed as the Assistant General Manager responsible for Marketing and Customer Services, and in August 2019, he was appointed as the CEO of the company. Having more than 20 years of experience in the media and communication sector, Mr. Önal has contributed significantly to the process of radical change in the Turkish media, and he continues to lead Turkey's digital and technological transformation at Türk Telekom and its subsidiaries.

Throughout his career, Ümit Önal has actively taken positions in national and international associations.

Mr. Önal served as the Chairman of the Board of Mobile Telecommunication Operators Association (m-TOD) between 2020-2023, and he is still actively serving as a Member of the Board of Directors of the Mobile Telecommunication Operators Association (m-TOD) and for the second time as the Chairman of the Board of Directors of the Television Monitoring and Research Committee (TİAK Inc.), Board Member at Advertisers Association (RVD), member to Foreign Investors Association (YASED),

Board Member at Yıldız Teknopark of Yıldız Technical University and US Business Council Member of Foreign Economic Relations Board (DEİK); and he represents Türk Telekom at Association of TV Broadcasters (TVYD).

In August 2019, Ümit Önal was appointed as the CEO of the company and has been serving as a member of the Türk Telekom Board of Directors since March 2022.

Metin İlhan *Member of Board of Directors*

Metin İlhan was born in Mardin in 1981. After graduating from İstanbul University, Faculty of Law, he completed his Master's Degree in European Union Law and International Law at Bremen University, Faculty of Law. He started working as a lawyer in İstanbul in 2006. He worked as a lawyer in the ATV-Sabah Media Group between 2007-2008. He continued to work as a consultant and lawyer for the ATV-Sabah Media Group in Germany after 2008. He also taught Turkish Law at Frankfurt Goethe University. Between 2013-2016, he served as the General Secretary of the Union of European Turkish Democrats (UETD), headquartered in Köln, Germany. In 2016, he was appointed as a trustee to Zaman Newspaper and its subsidiaries and served as the Chairman of the Board of Directors. He has been working as a founding partner at Jurist Law Firm since 2016.

Metin İlhan, who is married and has two children, speaks German and English.

Deniz Yılmaz *Member of Board of Directors*

Deniz Yılmaz was born in Bursa in 1980. Mr. Yılmaz graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration in 2001 and completed his master's degree in Economics at North Carolina State University in the USA between 2010 and 2012.

Deniz Yılmaz started his career as a Treasury Controller at the Prime Ministry Undersecretariat of Treasury in 2002. He then served as Internal Auditor at the Undersecretariat of Treasury, Head of Department at the General Directorate of Public Capital Institutions and Enterprises, Assistant General Manager of Public Capital Institutions and Enterprises and Assistant General Manager of Financial Markets and Foreign Exchange at the Ministry of Treasury and Finance.

He also served as a Member of the Supervisory Board of Ziraat Bank, Chairman and Member of the Audit Committee of the ECO Trade and Development Bank, Member of the Investment Committee of the Turkish Growth and Innovation Fund, and Member of the Board of Directors of Export Development Inc. (İGE)

He is currently serving as the General Manager of Financial Markets and Foreign Exchange at the Ministry of Treasury and Finance.

Mr. Yılmaz is married with 2 children and speaks English.

Türk Telekom Senior Management

Ümit Önal *CEO – General Manager*

Ümit Önal, a graduate of Istanbul University Faculty of Communication, started his professional life in media and communication sector. He joined Turkuvaz Media Group in 2007 and served as the General Manager of ATV, Advertising Group President and Executive Board Member, respectively, until 2015. After being appointed as the Board Member and CEO of Digiturk in 2015, he managed Digiturk's sales process to BeIN Media Group. Önal joined Türk Telekom family as the Assistant General Manager responsible for Sales and Customer Services at the end of 2016, and in December 2018, he was appointed as the Assistant General Manager responsible for Marketing and Customer Services, and in August 2019, he was appointed as the CEO of the company. Having more than 20 years of experience in the media and communication sector, Önal has contributed significantly to the process of radical change in the Turkish media, and he continues to lead the digital and technological transformation of Türkiye in Türk Telekom.

Throughout his career, Ümit Önal has actively taken positions in national and international associations. Önal served as the Chairman of the Board of Mobile Telecommunication Operators Association (m-TOD) in 2020; he is still actively Chairman of TV Monitoring and Research Committee (TİAK A.Ş.); Board Member at Advertisers Association (RVD), member to Foreign Investors Association (YASED), Board Member at Yıldız Teknopark of Yıldız Technical University and US Business Council Member of Foreign Economic Relations Board (DEİK); and he represents Türk Telekom at Association of TV Broadcasters (TVYD). Önal joined the Türk Telekom family as the Assistant General Manager responsible for Sales and Customer Services at the end of 2016, and was appointed as the Assistant General Manager responsible for Marketing and Customer Services in December 2018.

In August 2019, Ümit Önal was appointed as the CEO of the company and has been serving as a member of the Türk Telekom Board of Directors since March 2022.

Kaan Aktan *Finance Assistant General Manager*

Kaan Aktan, after Galatasaray High School, graduated from Boğaziçi University, Economics in 1995. He started his career at Anadolu Group. He worked in PepsiCo Türkiye Operation in 2002 and afterwards he worked at Texas Pacific Group Investment Fund Türkiye Asset Management companies as finance manager since 2007. He joined Türk Telekom in 2010 as Director of Financial Projects. He was appointed as TTNET CFO in March 2013. During his successful term of employment, he has also taken on several management roles at Turk Telekom and Turk Telekom Group Companies. Mr. Aktan is serving as Finance Assistant General Manager since December 2016.

Dr. Hüseyin Aslan *Human Resources Assistant General Manager*

Upon graduating from the Faculty of Economics at Erciyes University in 1996, Dr. Hüseyin Aslan received his master's degree in the department of International Relations and Diplomacy at the University of London/SOAS in England in 1999; and his PhD from

the department of Political Sciences at the University of Exeter in 2008. He took an active role in the establishment of the Turkish Department at the London School of Economics, where he did his post-doctoral studies.

He served as an intern and consultant at the House of Lords, and as a Board Member at the Turkish-British Chamber of Commerce and Industry for 5 years.

In 2007, he served as the founding representative of UK and Northern Ireland of the Prime Ministry Investment Support and Promotion Agency of the Republic of Türkiye. He organized/represented many important meetings regarding Türkiye's administrative and economic issues on various platforms, especially at the House of Lords.

In 2010, he was appointed as Vice President of the Prime Ministry Investment Support and Promotion Agency. He worked at the Investment Agency Center for 5 years as the Vice President responsible for the preparation and implementation of Türkiye's Investment and Promotion Strategy Document, communication promotion, marketing and international desks. He carried out the processes of implementing the necessary regulatory transactions and different business models in order to provide Türkiye's investment environment a competitive structure.

Lastly, he served as the Assistant General Manager responsible for investor relations at Tower Company of Turkcell İletişim Hizmetleri A.Ş. Subsequently he worked as a consultant in the Human Resources department and wrote nearly 30 articles.

Hüseyin Aslan knows English, Arabic and Italian.

Hüseyin Aslan is serving as Human Resources Assistant General Manager since January 2024.

Dr. Mehmet Beytur *Support Services and Procurement Management Assistant General Manager*

Mehmet Beytur, after receiving bachelor's degree in Electronics and Communication Engineering from İstanbul Technical University, he completed his Master's Degree in Economics at Marmara University with his thesis on 'Energy Resources and Cooperation Opportunities of Islamic Countries'. In 2008, he received doctorate degree in Gebze Institute of Technology with his thesis on "Utilization of Outsourcing" in the field of Business Administration.

He started his career as an access engineer at Türk Telekom (at that time PTT) in 1991 and after serving as chief engineer, manager, assistant region manager and provincial manager, he has served as İstanbul Region Manager for more than 10 years. In this role, he carried out technical, commercial and all support functions. He has worked in technology, customer, system and management based transformation projects in the company and the sector.

Mehmet Beytur is the Chairman of the Board of Directors of Turk Telekom Health and Social Assistance, as well as a member of the Board Member in Türk Telekom Group Companies. Mehmet Beytur (PHD) is serving as Support Services and Procurement Management Assistant General Manager since September 2019.

Mustafa Çavuşoğlu *Head of Internal Audit*

In 2005, he was appointed as Internal Auditor to the Scientific and Technological Research Council of Turkey (TÜBİTAK). Later that year, he was appointed as the Head of Internal Audit and held this position until 2014. During his presidency, he provided consultancy services to improve corporate business processes, as well as the development of internal control and internal audit systems. He also gave trainings and seminars and wrote articles within the scope of promoting and developing internal audit activity.

In 2014, he was appointed as the Chairman of the Board of Inspectors of TÜRKSAT Satellite Communication, Cable TV and Management A.Ş. and served in this position until January 2024. In TÜRKSAT; he led the process of establishing and developing an audit system in line with the Global Internal Audit Standards. In addition to his duty as Chairman, he actively participated in important activities in the process of updating the company's legislation at all levels, creating new regulations and institutionalization, and served as a Commission Member and Commission Chairman. He served as a consultant to the General Manager, the Audit Committee and the Board of Directors on administrative, financial and fiscal issues and process improvement.

In January 2024, Mr. Çavuşoğlu was appointed as the Head of Internal Audit at Türk Telekomünikasyon A.Ş. He has been a member of the Institute of Internal Auditing-Turkey (TİDE) since 2014 and a member of the Audit Board of the Access Providers Association (ESB) since 2016. He acted as a founding member of the Board of Directors of TCDD Teknik A.Ş. in 2018-2019. He served as the Vice Chairman of the Board of Directors of the Public Internal Auditors Association (KIDDER) in 2022&2023, and currently holds a position as a member of the Advisory Board of KIDDER.

He completed his undergraduate education at Istanbul University, Faculty of Political Sciences, Department of Public Administration and his master's degree at Selçuk University, Faculty of Economics and Administrative Sciences, Department of Public Administration.

Mustafa Çavuşoğlu is serving as Head of Internal Audit since January 2024.

Osman Çolak *Consumer Sales Assistant General Manager*

He graduated from Istanbul University, Faculty of Political Sciences, Department of Public Finance in 2001. Before starting his corporate career as an Accounting Specialist at TTNET Corp. in 2008, he had worked in the accounting and financial consultancy area in various companies.

He took part in many projects in the process of structuring corporate functions at TTNET Corp, and upon taking over various managerial positions in the Finance department, he served as the Director of Sales Finance and Fraud Control and as CEO Office Director respectively until the integration of Türk Telekom Group.

After the integration, he managed different departments under the Sales function, and then served as the Channel Operations Director and Sales Development Director under Türk Telekom Consumer Sales Department.

Osman Çolak, who most recently served as TT CEO Office Director, has been serving as Consumer Sales Assistant General Manager since November 2023.

Mustafa Eser *Corporate Sales Assistant General Manager*

Mustafa Eser graduated from the Department of Physics of Hacettepe University in 1996. Between 1996 and 1998, he conducted his master's degree studies at the University of Cologne and Heinrich Heine University in Düsseldorf. Since 1998, he has been taking part in Information and Education sectors as an entrepreneur and a manager. Between 2007 and 2014, he worked at Türksat A.Ş. as Director. Between 2014 and 2017, he worked as the Manager responsible from Public Sector Relations and Regulation at Digitürk. Since May 2017, he served as the Public Sales Director at Türk Telekom. Mustafa Eser, is the Chairman of the Board of Directors of Sebit A.Ş., a subsidiary of Türk Telekom and Türkiye's leading educational technology company, also serves as a member of the Board of Directors of Türk Telekom Sports Club and is responsible for the basketball branch.

Mustafa Eser is serving as Corporate Sales Assistant General Manager of Türk Telekom since April 2020.

Gökhan Evren *Wholesale Services Assistant General Manager*

Gökhan Evren was born in Tokat in 1978. After graduating from Trabzon Yomra Science High School, he graduated from Marmara University, Department of Computer Engineering in 2000. He received a Master's degree (MS) in Science and Technology Policy from Middle East Technical University (METU) and also a Master's degree (MA) in Communications from the University of Westminster in London. He completed the Cyber Security Program at Carnegie Mellon University and the Regulation Program at Michigan State University in USA. He continues his PhD studies in Political Science at Hacettepe University.

After working as a software engineer in private sector from 2000, Gökhan Evren joined the Information and Communication Technologies Authority in October 2001, and worked as an ICT expert and chief expert in tariffs, competition, consumer rights, information technologies, etc. departments; after 2014, he has managed regulation, audit and cyber security operations with a title of manager, head of department and Deputy Head of the Institution respectively.

He worked for the establishment of the National Cyber Incident Response Center (USOM) within ICTA, creation of malware and digital analysis laboratories, development of domestic and national cyber security solutions and systems, acquisition of cyber threat intelligence capabilities, creation of cyber security organisational structure throughout the country and capacity building processes.

He had been serving as the General Manager of Communications at the Ministry of Transport and Infrastructure since 2018 and implemented projects for the expansion of universal service mobile infrastructure and networks. He is also vice chairman of the Cyber Security Working Group at the International Telecommunications Union (ITU). He is married and has one child.

Gökhan Evren is serving as Wholesale Services Assistant General Manager since November 2023.

Ahmet Kamil Gençel *Head of Strategy, Investment and Subsidiary Management*

After graduating from Istanbul Kültür University, Department of Industrial Engineering, Ahmet Kamil Gençel completed his MBA at the same university. He started his career in the Regulatory Strategy department at Avea. He took an active role in critical processes such as mobile number portability and 3G tender process. During the Liberalization of our country's Telecommunications sector, when the number of operators in the market increased rapidly, he took over a strategic role in the sector by serving as Inter-Operator Relations and Wholesale Services Manager.

Following this position, Ahmet Kamil Gençel served as Strategy & PMO Director at Turkish Radio and Television Corporation TRT, where he managed the preparation process of TRT's new term strategy and business plans, the Corporate Transformation process, the establishment of TRT World, and he took an active role on the formation of TRT's digital VOD platform and game vertical. Before joining our company, he served as the Assistant General Manager responsible for TRT Strategy & Digital Products. Lastly he was the Director of Wholesale in Türk Telekom.

Ahmet Kamil Gençel is serving as Head of Strategy, Investment and Subsidiary Management since November 2023.

Ali Gürsoy *Head of Enterprise Risk and Business Continuity*

Ali Gürsoy graduated in Faculty of Management from Bilkent University in 1993. He started to work for Şişecam Group as assistant specialist in 1995 and continued his professional life at Esbank T.A.Ş as specialist in marketing department. In 1997, he relocated to the United States and worked as a Financial Analyst at ATB Consulting (New York) followed by a role as a Financial Risk Manager at Aragon Asset Management (Chicago).

In addition to his professional life, Ali Gürsoy continued his education and graduated from Pace University-M.S. in Investment Management (2001), Columbia University Graduate Diploma in Computer Science (2003) and University of Chicago-M.S. in Financial Mathematics (2005) in the United States and Sabancı University-M.S. in Data Analytics (2021) in Türkiye, respectively.

After his return to Türkiye in 2006, Ali Gürsoy worked as Assistant General Manager at Risk Türk Financial Software Company for five years. During this period, Ali Gürsoy led the team that provided software and consulting services related to market risk, credit risk, asset-liability management, and portfolio management within the company. He managed a portfolio of clients consisting of Türkiye's leading banks, investment, and portfolio management companies. Since 2011, Ali Gürsoy has continued his professional career at Türk Telekom Group, where he led the establishment of the functions of Corporate Risk Management, Business Continuity, Internal Control, and Sustainability. In addition to this role, Gürsoy also served as the Assistant General Manager of Finance at AssisTT A.Ş., one of the Turk Telekom Group companies, from 2018 to 2020.

Ali Gürsoy is serving as Head of Enterprise Risk and Business Continuity at Türk Telekom since December 2019.

Tahsin Kaplan *Legal and Regulation Assistant General Manager*

Tahsin Kaplan who has more than 20 years of experience in the field of Corporate Law and Regulation in both private and public institutions, graduated from Marmara University Faculty of Law in 1999. After starting his professional career as a freelance lawyer, he took office under the titles of Legal Adviser, Group Head of Legal Affairs and held several Board Memberships in finance and media sectors. He has been working as a freelance lawyer since 2016.

Tahsin Kaplan is serving as Legal and Regulation Assistant General Manager of Türk Telekom since August 2021.

Zeynep Özden *Marketing and Customer Experience Assistant General Manager*

Zeynep Özden, graduated from Bilgi University's Department of Public Relations in English, started her career in Corporate Customer Operations at BP Petroleum, and took on professional and managerial responsibilities in the fields of strategic planning and performance management in Turkuvaz Media Group and Digiturk. She joined Türk Telekom Group as 'Commercial Planning Director' in 2017 and carried out the Projects for Efficiency of Sales Channels and Restructuring of Corporate Sales Customer Segmentation. Özden, most recently served as the 'Marketing Intelligence and Customer Experience Director', responsible for Marketing Planning, Pricing, Customer Experience and Customer Analytics. Zeynep Özden is serving as Marketing and Customer Experience Assistant General Manager since September 2022.

Durmuş Ali Taşkın *IT Assistant General Manager*

Ali Taşkın graduated from Istanbul Technical University, Department of "Electronics and Telecommunications Engineering" in 1991. After his graduation, he started his professional career at Türk Telekom (PTT as it was known at the time). He took part in various projects until 1996. He attended his Master's Degree in Accounting and Financial Control in Management at Istanbul University in 1991-1992. After his military service, Mr. Taşkın continued his career at Turkcell and Netaş between 1996 and 1998 and moved to the USA at the end of 1998 and worked as a manager in the field of technology at LCC Int, Nortel Networks and Comsearch until 2003. During this period, he took master classes on "Marketing" and "Human Resources Management" at Strayer University. In 2003 he returned to Turkey and joined Türk Telekom's GSM company Aycell (Avea) as the Director responsible for Network Planning, Installation and Optimization and he took an active role in Aycell-Aria merger. Upon the merger, he assumed the duties of Network Performance and Quality Director and the Director of Project Management Office at Avea. Taşkın took over the duty of founding General Manager of GSM operator Eagle in Albania in 2007 and continued until 2011. Between 2011-2013, he provided Management Consultancy focused on e-Government, Telecom and Energy projects in Turkey and the Balkans. In 2013, he joined İşbank Group and

worked as the Director responsible from Technology, Operations, Management and Strategy at İşNet until 2018.

Ali Taşkın, who started working as a consultant at the Information Technologies and Communication Authority (BTK) in April 2019, joined PTT Bilgi Teknolojileri A.Ş. as Deputy General Manager in August 2019 and has been serving as the General Manager of PTT Bilgi Teknolojileri A.Ş. since 2020. He has also been served as the Deputy Chairman of the Board of Directors.

Mr. Taşkın is serving as IT Assistant General Manager since November 2023.

Note: Under the heading Türk Telekom Senior Management, current Senior Management information is provided, as of the publication date of the report. As of 31.12.2023, Mehmet Emre Vural was serving as Human Resources Assistant General Manager. As of the same date, the position of Head of Internal Audit was vacant.

Türk Telekom Group Companies General Managers

İsmail Emanet *Argela CEO*

İsmail Emanet completed his undergraduate education in the Mathematics-Computer Science department at Beykent University. Afterwards, he started his master's degree in the field of Business Administration at Beykent University. Later, he completed the Sociology department at Istanbul University and finally obtained a master's degree in Banking from Marmara University.

İsmail Emanet, with over 17 years of experience in the private sector, public sector and civil society; has worked in areas such as enterprise resource planning, digital transformation, SAP consultancy, human resources management, education, technology, financial and management consultancy.

Mr. Emanet who has been actively involved in various activities within civil society organizations for many years, has held active roles in institutions such as the Yunus Emre Foundation, the Union of Civil Society Organizations of the Islamic World and the Turkey Youth Foundation.

He has a good command of English and he is married with three children.

Haktan Saran *AssisTT CEO*

Haktan Saran graduated from the Department of Statistics, Mimar Sinan University in 1998, then completed an MBA Programme in Istanbul Bilgi University.

Starting his business career in 1995 in a call centre of Koçbank, Saran has held different positions in the field of the call centre business, and then served as Director of Alternative Distribution Channels at Denizbank between 1999 and 2004. He has held the position of Operations Manager, Customer Services at Turkcell Global Bilgi Information between 2005 and 2014, and then of Assistant General Manager in charge of Individual Operations. He has served as General Manager at Alonet Bilgi A.Ş. between 2014 and 2018. He also served as a Board Member and Vice President of the Call Centre Association between 2015 and 2018, and as of May 2020, he has reinstated as Vice President.

Haktan Saran joined the family of AssisTT as Operations Assistant General Manager in December 2018. Since December 2019, he holds the position of General Manager at AssisTT.

Serdar Toraman *Innova CEO*

Serdar Toraman graduated from Istanbul University, Department of Electronic Engineering in 1999. Toraman, who started his career at IBM, worked in various positions at Sentim Biliřim Teknolojileri, ServisNET Telekomünikasyon Hizmetleri under NETAř, and Eczacıbařı Biliřim.

Toraman, who has undertaken important roles in leading companies in the field of information technologies, worked in executive positions at Avnet Technology (TechData), Borsa Istanbul and Information Technologies and Communications Authority.

Afterwards, Toraman served as IT Director and Consultant at Türk Telekom subsidiary AssisTT Guidance and Customer Services company, and lastly served as General Manager at PTT Bilgi Teknolojileri A.ř.

Serdar Toraman has been serving as the CEO of Innova since December 2020.

Yavuz Yıldırım *Türk Telekom International Group CEO*

Yavuz Yıldırım graduated from Uludağ University in 1999 from the Faculty of Economics and Administrative Sciences, Department of Business Administration. Following his past work experiences in trading, he started his career in 2002 at Telsim, followed by various positions in sales and marketing units at Nortel Networks Netař between 2004 -2006 and then Vodafone between 2006-2009). Mr. Yıldırım joined Türk Telekom in 2009 as Director of SME Sales Operations and contributed to the establishment of SME sales channel. In November 2011, he undertook the Wholesale Sales Director role and served as the President of Türk Telekom Wholesale Clients Business Unit between April 2015 - December 2016. He then continued his career at Türk Telekom as Wholesale Assistant General Manager between December 2016 and November 2023.

Mr. Yıldırım has been the Chief executive officer of Türk Telekom International since November 2023.

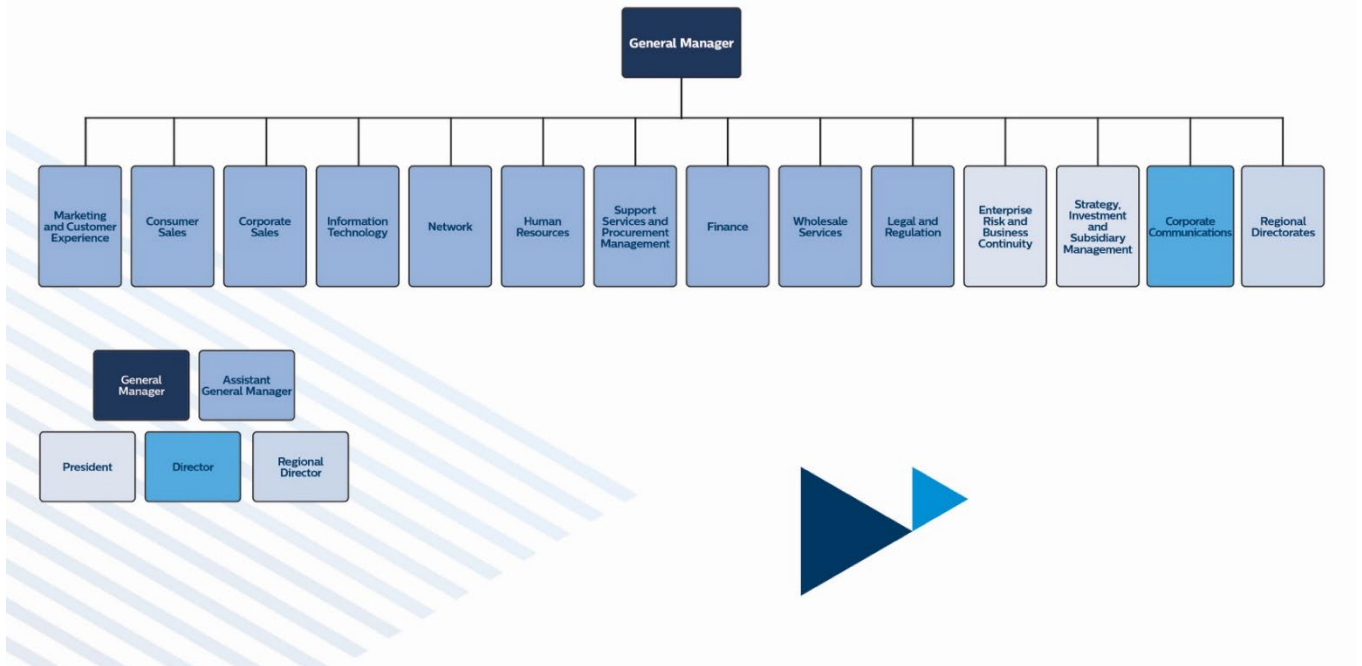
Salih il *SEBİT CEO*

Salih il graduated from Trakya University, Department of History in 1998. Mr. il started his career at İGDAř A.ř. in the same year, performed various managerial duties there. Between 2010 and 2015, he worked as the Purchasing and Tender Manager at Istanbul Metropolitan Municipality Health Inc. Mr. il, who also served as the General Manager of the Youth Foundation of Türkiye in 2015, worked in the position of General Manager in İSPER A.ř., a subsidiary of Istanbul Metropolitan Municipality and the largest human resources company in local administrations in Türkiye in terms of both budget and personnel, in 2017. In 2020, Salih il started to work at one of Türk Telekom

Group subsidiaries, Innova A.Ş., and performed in the positions of Financial and Administrative Affairs Assistant General Manager and Sales Assistant General Manager.

Since December 2021, he has been working as SEBİT CEO, another Türk Telekom Group subsidiary, which produces national and international education solutions by using technology innovatively and effectively.

Organisational Structure



Organisational Changes

In line with our Company's strategic goals aiming to create a structure that increases our competitiveness and agility, and strengthens our focus on sustainable growth and profitability, we have made the below changes in Türk Telekom Group's organisational structure.

- Assistant General Management of Technology has been restructured as Assistant General Management of Network and Assistant General Management of IT.
- Wholesale Assistant General Management has been renamed as Wholesale Services Assistant General Management.
- The Strategy, Investment & Business Planning, Programme & Subsidiary Management Office and CEO Office Directorates, have been abolished. Strategy, Investment and Subsidiary Management Presidency has been created.
- The TV/OTT Content and Platform Management Directorate, which previously reported to the General Manager, was positioned under the Marketing and Customer Experience Assistant General Manager in order to manage it holistically together with the marketing and experience functions.

Stock and Bond Information

Stock Information

Corporate Name	Türk Telekomünikasyon A.Ş.
Core Business	Telecommunication and Technology Services
Stock Exchange	Borsa İstanbul (BIST)
Average Daily Trade Volume (02/01/2023-29/12/2023)	TL 1.5 bn
Market Capitalization (29/12/2023)	TL 85.3 bn
End Price (29/12/2023)	TL 24.36
High (02/01/2023-29/12/2023)	TL 27.04
Low (02/01/2023-29/12/2023)	TL 13.19
Average Price (02/01/2023-29/12/2023)	TL 20.73

Source: Matriks

Bonds Information

Listing	ISIN Code	Issue Amount	Issue Price	Issue Date	Maturity	Redemption Date	Redemption Plan	Interest Rate
Insh Stock Exchange	XS1028951264 Eurobond	USD 500 mn	99.165	19.06.2014	10 Years	19.06.2024	Coupon and principal amount will be paid at the end of the expiry date	4.875%
Insh Stock Exchange	XS1955059420 Eurobond	USD 500 mn	99.396	28.02.2019	6 Years	28.02.2025	Coupon and principal amount will be paid at the end of the expiry date	6.875%
Borsa İstanbul	TRSTTLK22413 Bond	TL 1,808,500,000	100	31.01.2023	380 Days	15.02.2024	Paid on 15.02.2024 as coupon and principal amount.	32.5%
Borsa İstanbul	TRFTTLK22410 Financial Bond	TL 291,500,000	100	21.08.2023	177 Days	14.02.2024	Paid on 14.02.2024 as coupon and principal amount.	32.0%

Credit Ratings

	Fitch	S&P Global Ratings
Last Update	18 March 2024	13 December 2023
Long Term Rating	B+	B
Outlook	Positive	Positive
National Long Term Rating	AAA(TUR)	

Research and Innovation Activities

Contribution to the 5G and Beyond Joint Post-Graduate Support Programme

Türk Telekom confirmed its concrete support for the 5G and Beyond Joint Post-Graduate Support Programme, initiated by ICTA in 2018 by accepting the highest number of students in the programme in 2023. Türk Telekom ensured the best possible adaptation of the students it hired to the telecommunication sector.

Under this scheme conducted by the ICTA, 20 students still continue to work at Türk Telekom and their postgraduate and PhD programmes in higher education institutions. To date, more than 50 academic publications and 1 nationally registered patent have been produced by the students we have supported.

Investments in R&D activities are increasing

In the coming years, Türk Telekom Group will continue to work towards increasing R&D activities. In this direction, work has been initiated to establish a new research centre supported by TÜBİTAK in 2024, where pioneering R&D for 6G will be carried out.

In addition, work has started on the establishment of a new R&D Center in addition to the 2 R&D Centers currently operating within Türk Telekom.

Important results within the scope of R&D Center activities

In 2023, Türk Telekom filed a total of 261 patent applications, 1 of which was international. In addition, Türk Telekom published a total of 36 papers in national and international journals and conferences. While work on 3 ongoing projects funded by the European Union and TÜBİTAK, a total of 12 project applications were submitted to the European Union and TÜBİTAK programs.

As part of the 5G@Endtech programme, Türk Telekom provides 5G infrastructure and mentoring support, 13 startups developed projects for the manufacturing industry

Arçelik, Nokia and Türk Telekom under the auspices of the Ministry of Industry and Technology and with the support of the Presidency of the Republic of Türkiye Investment Office, KOSGEB and TÜBİTAK TÜSSİDE have developed 13 projects with technology companies within the scope of the 5G@EndTech programme, which aims to expand the use of 5G infrastructure in industry. The projects developed in the 5G@EndTech program, which aims to develop technology solutions for the manufacturing industry with 5G infrastructure and support the commercialisation of these products, were experienced in the field at the DemoDay event.

Türk Telekom hosted ONF's Broadband Community Meetup event

Türk Telekom, together with Deutsche Telekom, took over the chairmanship of the Broadband Technologies Board of Directors, which also includes the SEBA platform that enables virtualisation in access networks. In this context, Türk Telekom hosted the 2nd Board of Directors meeting of the Broadband Area Broad of ONF (Open Networking Foundation), one of the world's leading open source platforms, and the 2023 ONF Community Meetup event. The event, which brought together the open source ecosystem, including international operators such as British Telecom, Deutsche Telekom, Pakistan Telecom (PTCL), OLT/ONT manufacturers, system integrators and ONF, shared the developments and roadmaps of new generation technologies.

Corporate Governance

Important Developments After the Accounting Period

19 January 2024 dated Regulatory Disclosure – Senior Management Change

Mehmet Emre Vural, Assistant General Manager of Human Resources at Türk Telekom has left his post. Hüseyin Aslan, has been appointed as Assistant General Manager of Human Resources.

Mustafa Çavuşoğlu has been appointed as Head of Internal Audit of our Company, vacant since 17 July 2023.

Dr. Hüseyin Aslan

Upon graduating from the Faculty of Economics at Erciyes University in 1996, Dr. Hüseyin Aslan received his master's degree in the department of International Relations and Diplomacy at the University of London/SOAS in England in 1999; and his PhD from the department of Political Sciences at the University of Exeter in 2008. He took an active role in the establishment of the Turkish Department at the London School of Economics, where he did his post-doctoral studies.

He served as an intern and consultant at the House of Lords, and as a Board Member at the Turkish-British Chamber of Commerce and Industry for 5 years.

In 2007, he served as the founding representative of UK and Northern Ireland of the Prime Ministry Investment Support and Promotion Agency of the Republic of Türkiye. He organised/represented many important meetings regarding Türkiye's administrative and economic issues on various platforms, especially at the House of Lords.

In 2010, he was appointed as Vice President of the Prime Ministry Investment Support and Promotion Agency. He worked at the Investment Agency Center for 5 years as the Vice President responsible for the preparation and implementation of Türkiye's Investment and Promotion Strategy Document, communication promotion, marketing and international desks. He carried out the processes of implementing the necessary regulatory transactions and different business models in order to provide Türkiye's investment environment a competitive structure.

Lastly, he served as the Assistant General Manager responsible for investor relations at Tower Company of Turkcell İletişim Hizmetleri A.Ş. Subsequently he worked as a consultant in the Human Resources department and wrote nearly 30 articles.

Hüseyin Aslan knows English, Arabic and Italian.

Mustafa Çavuşoğlu

He started his auditing career at the Ministry of Agriculture in 1997. Çavuşoğlu, served as the Head of Internal Audit in TUBİTAK between 2005 and 2014. In 2014, he was appointed as the Head of the Audit Board at Türksat A.Ş. Serving as a member of the Audit Board at the Access Providers Association, Çavuşoğlu is a graduate of Istanbul University, Faculty of Political Sciences, Department of Public Administration. He received his master's degree on internal and external auditing at Selçuk University, Faculty of Economics and Administrative Sciences, Department of Public Administration.

14 February 2024 dated Regulatory Disclosure – The Coupon Payment and Redemption of TRFTTLK22410 ISIN Coded TL Financial Bond

The coupon payment and principal redemption of our Company's financial bond with ISIN code of TRFTTLK22410 was completed on 14.02.2024.

15 February 2024 dated Regulatory Disclosure – The Coupon Payment and Redemption of TRSTTLK22413 ISIN Coded TL Financial Bond

The coupon payment and principal redemption of our Company's financial bond with ISIN code of TRSTTLK22413 was completed on 15.02.2024.

21 February 2024 dated Regulatory Disclosure – Resolution on Lease Certificates Issuance

Our wholly owned subsidiary TTNET A.Ş.'s, Board of Directors resolved that an asset leasing company which will be authorised by TTNET shall issue Turkish Lira denominated lease certificates (sukuk) where TTNET will be the fund user up to a nominal value of TL 3,000,000,000 (Three Billion Turkish Lira) and with different maturities up to a maximum of 5 (five) years in order to execute the sale in single or multiple tranches as private placements and/or to qualified investors in the domestic market without public offering provided that the necessary procedures are carried out and completed in accordance with the relevant legislation, in particular the Capital Market Legislation.

8 March 2024 dated Regulatory Disclosure – Board Resolution and CMB Application Regarding Bond Issue

Our Company's Board of Directors resolved in accordance with Clause 7 of Articles of Association of our Company and paragraph 3 of Clause 31 of Capital Markets Law that, Subject to completion of all the necessary procedures in accordance with the relevant legislation, and in particular the legislation of the Capital Markets Board (CMB), one or more foreign currency and / or Turkish Lira denominated debt capital market instruments, including Green and Sustainable Debt Instruments, shall be issued overseas without being offered to the public within one year from the approval of the CMB, up to a total amount of USD 500 Million or its equivalent (including the equivalent of USD 500 Million). Within this resolution scope, necessary approval application has been made to the Capital Market Board today. Pursuant to Article 6 of the CMB's II-15.1 Special Cases Communiqué, in order to protect the legitimate interests of our company and our investors, the disclosure of insider information regarding the issuance of securities mentioned in this statement had been postponed until the preparations on the issuance as well as the assessment of the type of securities to be issued are completed, taking into account the fluctuations in market conditions. This statement is made within the scope of the relevant legislation as the reasons for postponement are eliminated.

11 March 2024 dated Regulatory Disclosure –Türk Telekom Group’s Commitment to Reducing Carbon Emission

Türk Telekom Group continues taking important steps towards future not only to meet today's needs but also to ensure sustainability for tomorrow. Our vision, driven by innovation and responsibility, aims for us to take leadership in environmental and social areas as well as in the business world. In this journey, we are taking concrete actions to reduce our carbon footprint and increase our contribution to environmental sustainability.

Within this context, our Sustainability Committee, which reports to the Board of Directors, has agreed upon targeting a 45% reduction in Türk Telekom Group's Scope 1 & 2 emissions in total by 2030 relative to the base year of 2020 and reach Net Zero by 2050, in alignment with Türkiye and GSMA targets. Going beyond a percentage reduction target, our commitment is a testimony of the responsibility for creating a sustainable future, we believe.

We will carry out the targets set out by our Sustainability Committee with the support of our Board of Directors, employees and other stakeholders. We will soon join the "Science-Based Targets Initiative" (SBTi) in accordance with global sustainability standards to reaffirm our commitment. This step will reinforce our sustainability ambitions and pave the way for us to transparently demonstrate that our future strategies are based on scientific grounds.

18 March 2024 dated Regulatory Disclosure – Fitch Ratings Revised Türk Telekomünikasyon A.Ş.’s Corporate Ratings and Outlooks

On March 8, 2024, Fitch Ratings upgraded Türkiye's Long-Term Foreign-Currency Issuer Default Rating (IDR) from "B" to "B+", and its outlook from "Stable" to "Positive". In accordance, Fitch Ratings upgraded Türk Telekom's Long-Term local and foreign currency IDRs from 'B' to 'B+' and its outlook from "Stable" to "Positive".

29 March 2024 dated Regulatory Disclosure – Long Term Loan Agreement

Our Company signed a long-term loan agreement with Bank of China and The Export-Import Bank of China under the insurance coverage of Sinosure in order to finance our Group's investments, strategic initiatives and growth plans. The amount of the facility is EUR 200 million, the final maturity is March 2029. The interest rate is EURIBOR + 150 bps p.a. and the total cost including the insurance premium and the other upfront costs is EURIBOR + 337 bps p.a.

Dividend Distribution Proposal

As of the date of announcement of Annual Report, the Board of Directors has not made a proposal to General Assembly for dividend distribution. Once the Board of Directors makes a proposal, it will be announced separately.

Conclusion of Affiliation Report

01.01.2023 – 31.12.2023 Accounting Period Conclusion of Affiliation Report

This Report is prepared and issued in reliance upon paragraph (1) of Article 199 of the Turkish Commercial Code No. 6102, to the extent of knowledge of the Board of Directors of our Company, with respect to the relations of our Company with its Controlling Company and with other affiliates of its Controlling Company in the 2023 fiscal year. Therefore, it is undersigned and hereby declared that each legal transaction mentioned in the Report is balanced with an appropriate counterperformance, and that our Company has not incurred any damages or losses due to any measure taken or avoided.

Corporate Governance Compliance Report

Statement of Compliance with Corporate Governance Principles

Türk Telekomünikasyon A.Ş. (“Türk Telekom”) pays utmost attention to implementing the Corporate Governance Principles published by the Capital Markets Board of Türkiye (“CMB”). The Company updates its annual and interim activity reports and corporate website, and makes them available to its shareholders within the framework of the said principles. Shareholders have access to comprehensive information through the Türk Telekom Investor Relations website, which is constantly kept up-to-date, and may also direct their queries to the Investor Relations and Sustainability Department.

On 14 December 2023, the corporate governance rating assessment report of Türk Telekom was prepared by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA), which holds an operating license to perform rating assessment in Türkiye in line with the CMB Corporate Governance Principles.

The Company received an overall average rating of 9.40 as a result of a corporate governance rating assessment. The Company’s Corporate Governance rating was determined with the assessment carried out under four main categories (Shareholders, Public Disclosure and Transparency, Stakeholders, Board of Directors) with weightings assigned within the framework of the CMB’s Corporate Governance principles.

The breakdown of corporate governance rating under these major categories was as follows:

Subcategories	Weight	Rating
Shareholders	25%	87.47
Public Disclosure & Transparency	25%	98.85
Stakeholders	15%	99.51
Board of Directors	35%	92.92
Total	100%	94.03

The rating of 9.40 assigned by SAHA based on the Corporate Governance Principles is a clear indicator that the Company is largely compliant with the CMB Corporate Governance Principles and has brought the necessary policies and measures into effect. The Company will maintain its efforts to fully comply with the Principles of Corporate Governance.

Reasons for non-compliance with certain Corporate Governance Principles

Pursuant to the Communiqué No: II-17.1 dated January 3, 2014 of the Capital Markets Board on the Corporate Governance, and relevant regulations, the non-complied issues and their grounds are listed below. No conflict of interest has occurred to date due to the principles that are not complied.

Presence of voting privileges of shareholders

The privileges attached to the Golden Share held by the Ministry of Treasury and Finance of the Republic of Türkiye are statutory (the law numbered 4673), and the Company is not authorised to amend these privileges.

Mechanisms and models to encourage the participation of stakeholders, particularly Company employees, in the management of the Company are not regulated by the Articles of Association or the Company's internal regulations

Models for the participation of the Company's employees in the management have not been included in the Articles of Association; however, such models have been developed and put into practice within the Company's internal directives. The Company's organisational structure is formed by the Board of Directors, the committees established at the Board of Directors and senior management level, senior management and directorates affiliated to the senior management. All levels are in effective and close communication. Moreover, models for the participation of the Company's employees in the management, such as the Occupational Health and Safety Boards, Disciplinary Boards, the Disputes Resolution Board, Inventors' Idea System and the DNA (What Does Your Experience Tell Me?) are developed.

Non-Presence of articles in the Articles of Association to extend minority rights to shareholders, which hold less than one twentieth of the capital

The Articles of Association of the Company was prepared taking into account the ratio determined by the Turkish Commercial Code in relation to minority rights.

Each member of the Board of Directors' participation is not limited to one committee

Due to the number of independent members of the Board of Directors of the Company, some Independent members of the Board of Directors are assigned in more than one committee.

No performance assessment of Board of Directors has been conducted to evaluate whether the Board of Directors have fulfilled their responsibilities effectively

No assessment has yet been carried out as of the publication date of the Annual Report.

SHAREHOLDERS AND STAKEHOLDERS

Investor Relations

At Türk Telekom, the activities with respect to regular management of relationships with existing and potential shareholders and fixed income investors, responding efficiently to queries from investors and analysts, and activities targeted at increasing the value of the Company are carried out by Investor Relations and Sustainability Department ("the Department") which reports to Assistant General Manager of Finance (CFO).

Execution of the responsibility arising from capital markets legislation and coordination of corporate governance practices is supervised by the Director of Investor Relations and Sustainability, Gülsen Ayaz, who holds Capital Market Activities Level 3 and Corporate Governance Rating licenses, and is also responsible for the management of Investor Relations activities.

The primary activities handled by the Department are as follows:

- Including all kinds of cases related to Corporate Governance and Public Disclosure, performing the requirements of the Capital Market Regulations, and

handling necessary internal and external disclosures and monitoring related processes,

- Introducing and presenting the Türk Telekom Group to domestic and foreign; individual and institutional, equity and fixed income investors,
- Keeping existing and potential equity investors and fixed income investors regularly informed of the Company's activities, financial standing and strategies in a simultaneous, equal, accurate and complete manner,
- To ensure that records related to correspondences between investors and the Company and other information and documents are maintained in a manner that is sound, reliable and up-to-date,
- Responding to written information requests from equity and fixed income investors related to the Company,
- Preparing documents required for submission for shareholders' review with regard to the General Assembly meeting, and taking precautions to ensure the organisation of the General Assembly meeting in accordance with related regulation, the Articles of Association and other regulations within the corporation,
- Responding to requests for information from research analysts; ensuring the Company is presented in the best way and providing necessary information to make sure that reports for investors are prepared in an accurate and complete fashion,
- Sharing the interim and year-end statements, investor presentations, press releases and annual and interim activity reports regarding financial and operational results with investors and the press; and updating the Investor Relations website regularly to ensure that shareholders have access to accurate and complete information,
- Execution of the Company's Sustainability policies, strategies and targets, implementation of decisions and recommendations taken by the Board of Directors upon recommendation, monitoring and reporting to the Sustainability Committee on the progress of projects and studies planned to be handled within the scope of the Sustainability program, ensuring the coordination of the functioning of the Sustainability Committee,
- Developing Türk Telekom's sustainability vision and initiatives, establishing effective sustainability approaches for investors and all other stakeholders, and realising the reporting in this area in a systematic framework,
- Ensuring that the reporting required for the rating processes of the sustainability indices and independent assessment institutions are timely and reflect the Company's current status accurately, thus improving the Company's Environmental, Social and Corporate Governance (ESG) reporting activities,
- Keeping investors regularly informed about Türk Telekom and the developments in Turkish Capital Markets by participating in conferences and investor meetings,

- Monitoring public disclosures that are carried out pursuant to the Company's Disclosure Policy and applicable legislation,
- Sharing stock related information within the Company, by monitoring the composition of domestic/foreign investors and significant changes in trading volume of Türk Telekom shares which are traded on the Borsa Istanbul.

For questions related to dividends and voting at the General Assembly, please contact the Corporate Governance and Compliance Group Manager, Eren Öner via investorrelations@turktelekom.com.tr e-mail address.

The Department received over a thousand requests for information by telephone and email during 2023 and all these inquiries were responded.

In 2023, Türk Telekom held meetings with 176 equity and bond investors from different geographies and considers providing timely, continuous and accurate information to its investors among its top priorities. Türk Telekom Investor Relations participated in investor conferences and webinars, and organised roadshows in 2023. Türk Telekom Investor Relations continued to organize teleconferences throughout the year, following the announcement of quarterly financial and operational results, for the Company's senior management to share their assessments for the relevant quarter and for investors and analysts to ask questions to the management.

Paying utmost attention to the implementation of the principles set out in the Corporate Governance Principles published by the Capital Markets Board, Türk Telekom protects the interests of all shareholders and stakeholders equally in a transparent and close relationship. Türk Telekom Investor Relations and Sustainability Director continues serving as a member of the Company's Corporate Governance Committee.

Employees of Investor Relations and Sustainability Department

Name and Last Name	Job Title
Gülsen Ayaz	Director
Eren Öner	Group Manager
Gaye Yalçın	Manager
Furkan Ceylan	Manager
Hazal Koçoğlu	Associate
Ömer Abdurrahman Demircan	Associate
Başak Erik Kızıldoğan	Associate
Simay Baş	Assistant Associate

Phone: +90 212 309 96 30

E-mail: investorrelations@turktelekom.com.tr

Use of Shareholders' and Stakeholders' Right to Obtain Information

Within the framework of the Turkish Commercial Code No. 6102, queries other than those relating to trade secrets and undisclosed information received from shareholders and analysts by the Investor Relations and Sustainability Department by letter, telephone, email or other means are answered in the fastest and most effective way

possible upon contacting the relevant person with the highest authority on the related matter. More than a thousand information requests were answered by Türk Telekom in the relevant period. Furthermore, information and developments related to Türk Telekom, which may be of concern to the shareholders, are published both in Turkish and English, and both in current form and retrospectively in order to ensure shareholders' exercise of their right to obtain information and quick and easy access to information through the Investor Relations website. They are also regularly communicated to those registered on the database through email.

The www.ttyatirimciiliskileri.com website with the relevant documents is periodically updated in accordance with the legislative requirements.

Further details related to the use of the shareholders' right to obtain information are presented under the heading of the "Corporate Investor Relations Website and its Content" that can be found below.

Company activities are periodically audited by independent auditors appointed by the General Assembly upon proposal by the Board of Directors. Independent audit services for the activities conducted in 2023 were provided by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Ernst & Young).

There is no article related to the appointment of a special auditor in the Articles of Association. There was no request for the appointment of a special auditor in 2023 and no special audit was conducted. On the other hand, the Company is subject to the audit of numerous independent administrative authorities, primarily ICTA. The results of inquiries and audits are disclosed to the public in the context of disclosure of material events regulated by the Communiqué on Material Events Disclosure.

Minority shareholders' rights regarding the appointment of a special auditor are regulated in the Articles 438 and 439 of the New Turkish Commercial Code 6102.

General Assembly Meetings

The arrangements regarding the General Assembly Meetings of the Company, is in the Articles of Association of Türk Telekomünikasyon A.Ş., which is publicly available on the Investor Relations website of the Company.

Articles of Association: <https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/articles-of-association-trade-registry-information>

Pursuant to Article 18 of the Articles of Association, right holders who have right to join the General Assembly meetings of the Company may participate in these meetings electronically as well, in accordance with article 1527 of Turkish Commercial Code.

Ordinary General Assembly Meeting held in 2023

On 9 August 2023, the Ordinary General Assembly Meeting convened at the address of Türk Telekomünikasyon A.Ş. Genel Müdürlük Kültür Merkezi, Turgut Özal Bulvarı, 06103 Aydınlıkevler, Ankara, where 89.1% of the Company shares were represented. During this meeting, shareholders and their proxies attending both electronically and individually exercised their right to ask questions and their questions were answered.

Minutes of the Meeting can be accessed from <https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/general->

[assembly-meeting](#) . No proposals for agenda items were tabled by shareholders during the meeting other than the sub-agenda Items.

Particulars related to the said Ordinary General Assembly Meeting dated 9 August 2023 were registered by Ankara Trade Registry Directorate on 11 August 2023, and were published in the Turkish Trade Registry Gazette dated 11 August 2023.

Furthermore, public disclosures announced by the Company regarding the General Assembly meeting was also published on the Public Disclosure Platform as of the date of the meeting. Press or stakeholders did not participate to the General Assembly Meetings.

According to Article 31 of the Company's Articles of Association, General Assembly Meetings are announced at least 21 days in advance of the meeting date, excluding the dates of announcement and meeting, in the Turkish Trade Registry Gazette and in two national newspapers in accordance with Article 29 of the CMB, so as to inform the shareholders in advance of the General Assembly Meetings.

Information on General Assembly Meetings, General Assembly agenda, letters of invitation, proxy sample forms and information note, which includes detailed information regarding agenda items are also posted on the Investor Relations website and the e-company portal of the Central Registry Agency.

Shareholders who wished to exercise their rights attached to their shareholding and who fulfilled the necessary procedures for participation in General Assembly Meetings pursuant to applicable legislation attended the General Assembly Meeting.

The announcement and explanations which the Company is required to disclose in accordance with the principles of corporate governance, the Information Set forth and the invitation to the General Assembly Meeting and the Minutes of the Meeting are made available for uninterrupted access to the shareholders on the website <https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/general-assembly-meeting> the e-company portal of the Central Registry Agency and the Public Disclosure Platform.

There were no transactions that required the positive vote of a majority of independent Board Members in order to be resolved by the Board of Directors, or which were left to the discretion of General Assembly due to the negative votes of independent Board Members.

The Donation Policy established in accordance with the Corporate Governance Principles has been updated and approved at the 2022 Ordinary General Assembly meeting.

According to donation policy; the donation amount to be made within the framework of the legislation and the Company policies in a fiscal year cannot exceed five per mille of the annual sales amount reported in the independently audited consolidated financial statements of the Company for the previous year. At the Ordinary General Assembly Meeting held on 9 August 2023, shareholders were informed about the total amount of donations and grants (TL 132,525,108) made by the Company to associations and foundations in the fields of education, health, sports, culture, arts and humanitarian aid in 2022. The total amount of donations and aids made in 2023 is TL 767,641,659.

As far as Company is aware, no shareholders holding management control, Board Members, insiders with administrative responsibilities or spouses and their relatives up to the second degree relation by blood or marriage were not engaged in any transaction that could cause a conflict of interest for the Company or its subsidiaries, or did not carry out any commercial transaction included in the operation of the Company and its subsidiaries on behalf of themselves or another individual, or did not join a partnership engaged in the same scope of activity in the capacity of a partner with unlimited liability. There was no General Assembly Meeting resolution that was not implemented in 2023.

The Company's Class A shares held by Türkiye Wealth Fund and Class C shares held by the Ministry of Treasury and Finance of the Republic of Türkiye are registered, whereas the remaining shares are bearer shares.

Voting and Minority Rights

All shares of Türk Telekom can be transferred except for one privileged (golden) share of Group C. For the purpose of protecting the national interest in issues of national security and the economy, the following actions and resolutions cannot be taken without the affirmative vote of the holder of the C Group Privileged Share at either a meeting of the Board of Directors or the General Assembly. Otherwise, such transactions shall be deemed invalid.

- a) Any proposed amendments to the Articles of Association,
- b) The transfer of any registered Shares in the Company which would result in a change in the management control of the Company,
- c) The registration of any transfer of registered shares in the Company's shareholders' ledger.

Pursuant to the Articles of Association and the Telegram and Telephone Law numbered 406, the holder of the Group C Privileged Share appoints one member representing the Privileged Share to the Board of Directors of Türk Telekom. The Group C Privileged Share owner cannot participate in capital increases.

The Company's Articles of Association contain the provision that minority rights are to be exercised by shareholders representing at least 5% of the paid-in capital. However, minority shareholders are not represented on the Board of Directors.

There is no cross-ownership in the Company's share capital.

Dividend Right and Profit Distribution Policy

The Articles of Association do not grant any privileges regarding participation in the Company's profit. Each share is entitled to an equal profit share; however, the holder of the Class C share does not receive any share from the profit. Türk Telekom dividends are paid within the legally prescribed periods of time as set out by the applicable legislation.

The Company adopts a policy of distributing the maximum amount of distributable profit in accordance with Articles 28, 29 and 30 of our Company's Articles of Association. The Dividend Distribution policy was approved by shareholders in the Ordinary General Assembly Meeting for 2013 convened on 27 May 2014. On the other

hand, the Board of Directors considers the short-term financial liabilities of group companies and the conditions of those contracts signed with creditors in determining the Company's dividend proposal.

As stated in the Company's Articles of Association, the dates and the manner of distribution of the annual profit to shareholders is decided by the General Assembly upon the proposal by the Board of Directors, in accordance with the provisions of the Capital Market Law and applicable legislation.

Company's Dividend Distribution Policy is disclosed to the public through Investor Relations website (<https://www.ttyatirimciiliskileri.com.tr/media/awuc5ih0/dividend-policy.pdf>) and stated in Company's annual report.

It is resolved at our Company's Ordinary General Assembly Meeting for the year 2022 that;

1- The Company's net profit calculated according to the independently audited consolidated financial tables prepared in accordance with the provisions of "Capital Markets Board (CMB) Communique About Financial Reporting in Capital Markets No.II-14.1" is TL 4,134,846,000 for the fiscal year of 2022,

2- Pursuant to the CMB Communique on Dividends No: II-19.1, the profit after tax amount of TL 4,134,846,000 shall be the base amount for dividend distribution,

3- The Company is not required to take any reserves for 2022 as per the Article 519 of Turkish Commercial Code because it has already reached the general legal reserve limit,

4- Accordingly, subject to the provisions of its Articles of Association of our Company, that the net profit amounting to TL 4,134,846,000, which is based on the independently audited consolidated financial statements, shall be recorded as extraordinary reserves.

The Company did not buy back its shares in 2023.

Transfer of Shares

The provisions of the Company's Articles of Association restricting transfer of shares are as follows:

Without prejudice to Article 6/A of the Company's Articles of Association, all shares of Türk Telekom can be transferred except for one privileged (golden) share of Group C. For the purpose of protecting the national interest in issues of national security and the economy, the following actions and resolutions cannot be taken without the affirmative vote of the holder of the C Group Privileged Share at either a meeting of the Board of Directors or the General Assembly. Otherwise, such transactions shall be deemed invalid:

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

The transfer of shares are restricted until the expiration of the Strategic Commitment Period of 14 November 2008 as stipulated in Article 6.A.2 of the Articles of Association, which is as follows: “At any time after the later of the expiry of the Strategic Commitment Period and the date on which the holder of the Group A Shares has paid in full for all of its Shares in the Company, the holder of the Group A Shares may transfer some or all of its Shares to a third party, subject always to the veto rights of the holder of the C Group Privileged Share.” After the end of the aforementioned transfer restriction period, the transfer of the Company’s Group A shares is always subject to the veto rights of the holder of the Group C Privileged Share. The Strategic Commitment Period ended on 14 November 2008 and the holder of Group A shares paid the amount in full for all of their shares in the Company. Accordingly, the Company’s Group A shares may be transferred with the approval of the holder of the C Group Privileged Share. The Group A Shareholder may pledge, mortgage or charge those of its shares as shall from time to time not be subject to the Share Pledge to a financial institution for the purpose of security for borrowings incurred in respect of the purchase of such shares or otherwise. If that financial institution forecloses such a pledge, mortgage or charge then it may only transfer the Group A Shares subject to the pledge, mortgage or charge in the event that it obtains the prior written consent of the Treasury (such consent not to be unreasonably withheld).

According to Article 6.A.3 of the Company’s Articles of Association, the restriction placed on the transfer of shares of Group B shareholders is limited to the strategic commitment period and there shall be no restrictions on the transfer of Group B shares after the end of the strategic commitment period on 14 November 2008.

Furthermore, according to the supplemental Article 17 of the Telegram and Telephone Law numbered 406 and paragraph 4 of the Article 6 of the Company’s Articles of Association, the C Group Privileged Share shall not be sold.

PUBLIC DISCLOSURE AND TRANSPARENCY

Company Disclosure Policy

The Türk Telekom Disclosure Policy has been established in line with the CMB’s Communiqué on Principles Governing Disclosure of Material Events No: II-15.1 and CMB’s Corporate Governance Principles. In line with the decision taken by the Company’s Board of Directors, the policy was updated on 7 July 2021 and announced on the Public Disclosure Platform, and has been approved and brought into effect by the Board of Directors, with shareholders being informed during the Ordinary General Assembly Meeting convened on 31 March 2022; The Disclosure Policy is posted on the Investor Relations website

(https://www.ttyatirimciiliskileri.com.tr/media/zeoda5k5/disclosure_policy_2021.pdf) under the Corporate Governance heading. The Investor Relations and Sustainability Department is responsible for the monitoring and development of the said policies, and the names and duties of those with the relevant responsibility are listed under the heading of the Investor Relations Unit. These individuals closely cooperate with the Board of Directors and Corporate Governance Committee in the fulfilment of these responsibilities.

2023 Company Guidance

The Company revised its guidance on 14 August 2023 following the first half financial reporting period, due to the operational and financial performance recorded above the expectations in the business lines in 2023. The revision made is as follow;

	Previous Guidance	Revised Guidance
Consolidated Revenue Growth (exc. IFRIC 12)	52-55%	67-70%
Consolidated EBITDA	TL 23-25 bn	TL 25-27 bn
Consolidated CAPEX	TL 17-19 bn	TL 19-21 bn

Note: 2023 guidance expectations represent approximate values.

Realised performance in 2023⁸

While the consolidated revenue (excluding IFRIC 12) increased by 71% slightly higher than the Company's annual revenue growth guidance, the EBITDA recorded as TL 27.3 billion again surpassing the high-end of our guidance range which stood at TL 25-27 billion. During the same period, the Group invested in line with the consolidated CAPEX guidance as TL 21.6 billion slightly ahead of our FY guidance.

Guidance for 2024 Consolidated Financial Results

Under current circumstances, guidance for 2024 is as below:

- Consolidated revenue growth (excluding IFRIC 12) to be around 11-13%
- Consolidated EBITDA Margin to be around 36-38%
- Consolidated CAPEX / Sales Revenue to be around 27-28%

Note: 2024 guidance expectations represent approximate values.

Note: We assumed an inflation trajectory leading annual CPI to 42% by the end of 2024.

Investor Relations Website and its Content

The Investor Relations website can be accessed from www.ttinvestorrelations.com.tr and is actively used in achieving transparency and public disclosure in parallel with Capital Market legislation, CMB and BIST rules and regulations and the CMB's Corporate Governance Principles. The information on the website is provided in both Turkish and English. The main headings covered on the website are listed below:

- Detailed information about the company profile
- Vision, mission and values
- Company management and shareholding structure

⁸ This section is based on unaudited financials prepared without TAS29 and is produced for the purpose of comparative assessment of the FY'23 performances to prior periods and/or Company guidance. Our Board of Directors and executive management responsible from financial reporting are accountable for the data presented in this section.

- Information about the Members of the Board of Directors and Senior Management of the Company
- Company's Articles of Association and the Turkish Trade Registry Gazette where the amendments are published
- Trade registry information
- Financial statements and activity reports
- Public disclosures of material events
- Earnings releases
- Investor presentations
- Stock performance information
- Bond information
- Credit ratings
- Contact information of analysts
- Information about the General Assembly Meetings
- Corporate Governance Principles compliance report
- Profit distribution policy, history and capital increases
- Disclosure Policy, Remuneration Policy, Women Membership in Board of Directors Policy, Human Rights Policy and other policies
- Business Ethic Codes
- Independent auditor information
- List of insiders with administrative responsibilities
- Internal Audit and Risk Management
- Information on committees established according to the Capital Markets Board Corporate Governance Principles
- Offering circular related to the public offering
- Türk Telekom Call Centre and contact information
- Investor Relations contact information
- Sustainability
- Information related to the social responsibility projects of Türk Telekom
- Frequently asked questions and answers
- Telecom glossary

Trade Registry Information

Date of Registration	30 June 1994
Date of publishing the corporation in Turkish Trade Registry Gazette	1 July 1994
Registration Number	103633
Trade Registry Office	Ankara Trade Registry Office
Central Registration System Number	0876005220500084

Disclosure of Ultimate Controlling Individuals

Not subject to the registered capital system, the Company has a share capital of TL 3,500,000,000 which is fully paid-in.

The distribution of the paid-in capital among the shareholders is as shown below:

Shareholders	Share in Capital		
	Amount (TL)	Group	Share (%)
Türkiye Wealth Fund	1,925,000,000.00	A	55
T.C. Hazine ve Maliye Bakanlığı	875,011,884.975	B	25
T.C. Hazine ve Maliye Bakanlığı	0.01	C	
Türkiye Wealth Fund	174,988,115.015	B	5
Free Float	525,000,000.00	D	15
Toplam	3,500,000,000.00		100

Note: According to the Official Gazette which was published on 5 February 2017, the Council of Ministers decided to transfer the 6.68% stake (5% B Group shares and 1.68% D Group free float shares) of the Company belonging to Republic of Türkiye Ministry of Treasury and Finance to the Turkish Wealth Fund. The share transfer transaction was completed in 2017.

Other Information in Accordance with Legislation

The content of the annual activity report is prepared in accordance with the New Turkish Commercial Code and the regulations of the Capital Market Board. There were no conflicts of interest arising between Türk Telekom and the related organisations which offer investment advice, investment analysis and rating activities.

The Chief Executive Officer is not the Chairman of the Board of Directors.

No administrative sanction or penalty has been imposed on any member of the Board of Directors.

As there is no cross ownership in the Company's share capital, no information regarding this issue is provided in the activity report.

THE BOARD OF DIRECTORS

Structure and Formation of the Board of Directors

During the Extraordinary General Assembly Meeting of the Company held on January 25, 2019, Article 8 of the Articles of Association of the Company, entitled 'Board of Directors', was amended. The number of members of the Board of Directors was set at nine, and members of the Board of Directors were elected for a term of three years.

In accordance with the Company's Articles of Association, members of the Board of Directors may be nominated as follows;

a) The Group A Shareholder as all be entitled to nominate five (5) persons for election as Directors;

b) provided that the Treasury and Turkish Wealth Fund, as Group B Shareholders shall hold;

- 30% or more of the shares, the Treasury shall be entitled to nominate three (3) persons for election as independent board members who carry the independence criteria as defined in the Capital Market legislation or
- 15% or more of the shares (but less than 30% of the shares), the Treasury shall be entitled to nominate two (2) persons for election as independent board members who carry the independence criteria as defined in the Capital Markets legislation:
- During the calculation of 15% and 30% of the shares mentioned above paragraphs, the amount of Group B shares and Group D shares held by the Treasury and Turkish Wealth Fund shall be considered together.

c) As long as the Treasury and Turkish Wealth Fund holds 15% or more of the Shares (but less than 30% of the Shares), the Group A shareholder shall be entitled to nominate one (1) person, who carry the independence criteria as defined in the Capital Markets legislation, for election as independent Board members and five (5) persons for election as Director.

d) While the Treasury holds the Group C Privileged Share, the Treasury shall be entitled to nominate, a further one (1) person, for election as Director for the C Group Privileged Share.

As of the report date, the structure of the Board of Directors of the Company is as shown below:

Türk Telekomünikasyon A.Ş. Members of the Board of Directors			
Name - Surname	Date of First Appointment to the Board of Directors	Duties at Türk Telekomünikasyon A.Ş. Over the Last Five Years	Duties Outside Türk Telekomünikasyon A.Ş.
Dr. Ömer Fatih Sayan	Chairman of the Board- 21.12.2018 Board Member 04.09.2018	<ul style="list-style-type: none"> • Member of the Early Identification and Management of Risks Committee of Türk Telekomünikasyon A.Ş. • Member of the Nomination and Remuneration Committee of Türk Telekomünikasyon A.Ş. • Türk Telekomünikasyon A.Ş. Access Infrastructure Committee Member • Türk Telekomünikasyon A.Ş. Investment Committee Member 	Deputy Minister at the Ministry of Transport and Infrastructure of the Republic of Türkiye
Yiğit Bulut	6.05.2014	<ul style="list-style-type: none"> • Chairman of the Audit Committee of Türk Telekomünikasyon A.Ş. • Chairman of the Early Identification and Management of Risks Committee of Türk Telekomünikasyon A.Ş. • Chairman of the Nomination and Remuneration Committee of Türk Telekomünikasyon A.Ş. • Türk Telekomünikasyon A.Ş. Access Infrastructure Committee Member • Türk Telekomünikasyon A.Ş. Investment Committee Member • Chairman of the Tivibu Committee of Türk Telekomünikasyon A.Ş. 	<ul style="list-style-type: none"> • Chief Advisor to the President of the Republic of Türkiye • Member of the Economy Policies Committee of the Presidency of the Republic of Türkiye
Selim Dursun	4.09.2018	<ul style="list-style-type: none"> • Member of the Audit Committee of Türk Telekomünikasyon A.Ş. • Member of the Corporate Governance Committee of Türk Telekomünikasyon A.Ş. 	
Enver İskurt	Group A- 19.03.2021 Group B- 31.03.2022	<ul style="list-style-type: none"> • Chairman of the Corporate Governance Committee of Türk Telekomünikasyon A.Ş. <p>Previous:</p> <ul style="list-style-type: none"> • 28.12.2018-19.03.2021: Chairman of the Board of TTNET A.Ş. 	Deputy Minister at the Ministry of Treasury and Finance of the Republic of Türkiye
Salim Arda Ermut	31.03.2022	<ul style="list-style-type: none"> • Member of the Nomination and Remuneration Committee of Türk Telekomünikasyon A.Ş. 	<ul style="list-style-type: none"> • Türkiye Wealth Fund General Manager • Türkiye Wealth Fund Board Member • Türkiye Varlık Fonu Yönetimi A.Ş. General Manager • Türkiye Varlık Fonu Yönetimi A.Ş. Board Member • Türkiye Katılım Sigorta A.Ş. Board Member • Türkiye Katılım Hayat A.Ş. Board Member
Ümit Önal	31.03.2022	<ul style="list-style-type: none"> • Türk Telekomünikasyon A.Ş. General Manager/CEO • Türk Telekomünikasyon A.Ş. Access Infrastructure Committee Member • Türk Telekomünikasyon A.Ş. Tivibu Committee Member • TT Mobil İletişim Hizmetleri A.Ş. General Manager/CEO • TTNET A.Ş. General Manager/CEO • Net Ekran Televizyonculuk ve Medya Hizmetleri A.Ş. Chairman • TT Ödeme ve Elektronik Para Hizmetleri A.Ş. Chairman 	<ul style="list-style-type: none"> • m-TOD (Mobile Telecommunication Operators Association) Chairman of the Board of Directors • RVD (Advertisers Association) Board Member • YASED (International Investors Association) Member • DEİK (Foreign Economic Relations Board) American

		<ul style="list-style-type: none"> • TTES Elektrik Tedarik Satış A.Ş. Chairman • TT Ventures Proje Geliştirme A.Ş. Chairman • TT Destek Hizmetleri A.Ş. Chairman • TTG Finansal Teknolojiler A.Ş. Chairman • TT Finansman A.Ş. Chairman • Netsia Inc. USA Chairman <p>Previous:</p> <ul style="list-style-type: none"> • Türk Telekomünikasyon A.Ş. Assistant General Manager of Sales and Customer Care • Assistant General Manager of Marketing and Customer Care (Acting) • TT Mobil İletişim Hizmetleri A.Ş. Assistant General Manager of Sales and Customer Care • TT Mobil İletişim Hizmetleri A.Ş. Assistant General Manager of Marketing and Customer Care (Acting) • TTNET A. Ş. Assistant General Manager of Sales and Customer Care • Marketing and Customer Care Assistant General Manager (Acting) • AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş. Vice Chairman • Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret A.Ş. Vice Chairman • Sebit Eğitim ve Bilgi Teknolojileri A.Ş. Board Member • 11818 Rehberlik Ve Müşteri Hizmetleri A.Ş. Chairman • CETEL Telekom İletişim Sanayi ve Ticaret A.Ş. Board Member 	<ul style="list-style-type: none"> • Business Council Representative Member • TVYD (Television Broadcasters Association) Member – Yıldız Technopark Board Member • Turkish Industry and Business Association (TÜSİAD) Individual Member
Metin İlhan	31.03.2022	<ul style="list-style-type: none"> • Member of the Corporate Governance Committee of Türk Telekomünikasyon A.Ş. 	<ul style="list-style-type: none"> • Jurist Law Office Founding Partner
Deniz Yılmaz	9.08.2023		<ul style="list-style-type: none"> • General Manager of Financial Markets and Exchange of the Ministry of Treasury and Finance of the Republic of Türkiye • Member of the İhracatı Geliştirme A.Ş.

Members of the Board of Directors were elected at the General Assembly dated August 9, 2023. In accordance with Article 10 of the Company's Articles of Association, the term of office of the members of the Board of Directors listed in the table above is 3 years from this date. In this context, expiry date of the members of the Board of Directors is August 9, 2026.

The General Manager of the Company is also a member of the Board of Directors.

Biographies of the members of Türk Telekom's Board of Directors are provided in the Board of Directors Section of the Annual Report and Investor Relations website. Pursuant to the Article 10 of the Articles of Association, the members of the Board of Directors shall hold office for a term of 3 years.

9 August 2023 dated Ordinary General Assembly Meeting of the Company, the nomination responsibilities of the Nomination and Remuneration Committee were fulfilled in accordance with the CMB legislation.

Group B shareholders presented three nominees for Independent Board members to the Nomination and Remuneration Committee, and the Nomination and Remuneration Committee prepared a report dated 3 August 2023 on the suitability of the nominees with respect to the independency criteria, and presented this report to the Board of Directors on the same date. After the Capital Markets Board provided consent for the nominees, three nominees of independent members of the Board of Directors were submitted to the General Assembly's approval and were also elected.

Statements of Independence that each independent Board Member has signed are presented in the appendix of this report. No circumstances were found which could jeopardise the independence of the Board of Directors in the activity period. No company rules have yet been internally established regarding the positions to be held by the members of the Board of Directors outside the Company.

Changes in the Members of the Board of Directors in 2022

At the General Assembly Meeting dated 09.08.2023, members of the Board of Directors of our Company were elected. Dr. Ömer Fatih Sayan, Mehmet Ali Akben, Yiğit Bulut, Selim Dursun, Enver İskurt, Salim Arda Ermut, Ümit Önal, Metin İlhan and Deniz Yılmaz were elected as Board Members. Mehmet Ali Akben resigned from the Board of Directors on 01.12.2023.

Principles of Activity of the Board of Directors

Pursuant to the Articles of Association, the Board of Directors shall meet at least four times a year or shall meet whenever the Company's business so requires. The activities of the Board of Directors are run by the Board Secretariat. At least ten business days before the meeting, a notice of the time of meeting and the agenda, which is accompanied by any relevant papers, are sent to the members of the Board of Directors. Meeting notices are sent to the members of the Board of Directors via e-mail. The agenda of the meetings of the Board of Directors is set by e-mails in view of the proposals set forth by members of the Board of Directors, the CEO - General Manager, Assistant General Managers and Executive members of the departments. The agenda is finalised by receiving the consent of the Chairman of the Board.

In 2023, the Company's Board of Directors convened 14 times in total to evaluate the strategic matters concerning the Company. The overall attendance rate of board members to the meetings was 94.5%. Pursuant to the Article 12 of Articles of Association, resolutions of these meetings are passed by a simple majority of the votes of the Directors present at such meeting unless the resolution relates to a "Supermajority Decision Relating to the Board". Supermajority Decisions Relating to the Board as stated in the Article 12 of the Articles of Association were taken with the presence and affirmative vote of seven Directors, at least one of which shall be a Director representing the Ministry of Treasury and Finance of the Republic of Türkiye. Questions arising at the meeting of Board of Directors and issues with multiple views are recorded into the minutes with the appropriate grounds of negative votes in detail. The rights of members of the Board of Directors representing the C Group shareholder are set out in the section of Voting Rights and Minority Shares. No negative votes on these resolutions were received. There were no significant transactions presented for approval of the independent directors and all related party transactions were approved by the majority of the independent directors. The Company has insured the damages

that will be caused by the faults of the members of the Board of Directors during their duties. The Company's existing Executive Liability Insurance policy has been implemented in a way that the total liability limit exceeds 25% of the Company's capital.

The Number, Structure and the Independence of Committees within the Board of Directors

Audit Committee

The Audit Committee was established with the Board Resolution dated 16 June 2008.

With the Board Resolution dated 13 May 2022, Independent Board Member Yiğit Bulut was selected as the Chairman of the Audit Committee, and independent Board Member Selim Dursun was elected to the membership position of the Audit Committee.

The Committee holds meetings at least once every three months. The Audit Committee gathered five times in 2023 and reviewed and monitored Türk Telekom Group's processes of accounting, finance and auditing as well as their processes for monitoring compliance with the law and regulations and their own code of business conduct, as well as such other matters which may be delegated specifically to the Committee by the Board from time to time; thus, carried out its duty effectively.

Corporate Governance Committee

The Corporate Governance Committee was established with the Board Resolution dated 17 October 2012.

With the Board Resolution dated 13 May 2022, Independent Board Member Enver İskurt was appointed as Chairman of the Corporate Governance Committee, and Independent Board Member Selim Dursun and Board Member Metin İlhan and Investor Relations and Sustainability Director Gülsen Ayaz were elected as members of the Corporate Governance Committee.

The Corporate Governance Committee shall provide the implementation, improvement and adoption of corporate governance principles within the Company and shall convene as often as deemed necessary to ensure the effectiveness of its work. In 2023, the Corporate Governance Committee held two meetings and carried out its tasks effectively.

Nomination and Remuneration Committee

"Nomination Committee" and "Remuneration Committee", which were established to operate under the Board of Directors within the scope of article 4.5.1. of Corporate Governance Principles of Capital Markets Board's Corporate Governance Communiqué, II-17.1., have been abolished. In order to carry out the current duties of the abolished committees, the "Nomination and Remuneration Committee" is established to operate under the Board of Directors of our Company on 17 June 2022.

Independent Board Member Yiğit Bulut serves as the Chairman of the Nomination and Remuneration Committee, while Dr. Ömer Fatih Sayan, Chairman of the Board of Directors, and Salim Arda Ermut, Board Member, serve as Nomination and Remuneration Committee Members.

In 2023, the Committee held three meetings and carried out its tasks effectively.

Early Identification and Management of Risks Committee

The Early Identification and Management of Risks Committee was established with the Board Resolution dated 14 August 2013.

Pursuant to the Board Resolution dated May 13, 2022 independent Board Member Yiğit Bulut serves as the Chairman of the Early Identification and Management of Risks Committee, whereas Chairman of the Board of Directors Ömer Fatih Sayan serve as members of the Committee.

The Early Identification and Management of Risks Committee convenes every two months and carries out its tasks effectively. In 2023, the Committee held a total of five meetings. The Early Identification and Management of Risks Committee was established with the following aims:

- To identify any potential risks that could jeopardise the existence, development and continuity of the Türk Telekom Group,
- To establish the Corporate Risk Management System to implement necessary measures and actions with the aim of eliminating identified risks, and to ensure the system's continuity and to improve it if necessary,
- To conduct activities related to the risk management and monitoring via risk management tools within the scope of a risk management system,
- To ensure that the findings received from the Corporate Risk Management System form an important component of the decision-making mechanism, and to present reports to the Board of Directors on these issues.

Independent Board Member Yiğit Bulut is serving as the Chairman of the Early Identification and Management of Risks Committee, Chairman of the Audit Committee and Chairman of the Nomination and Remuneration Committee, while independent Board Member Selim Dursun serves as both the Member of the Corporate Governance Committee and the Member of the Audit Committee.

Türk Telekom Risk Management and Internal Control Mechanism

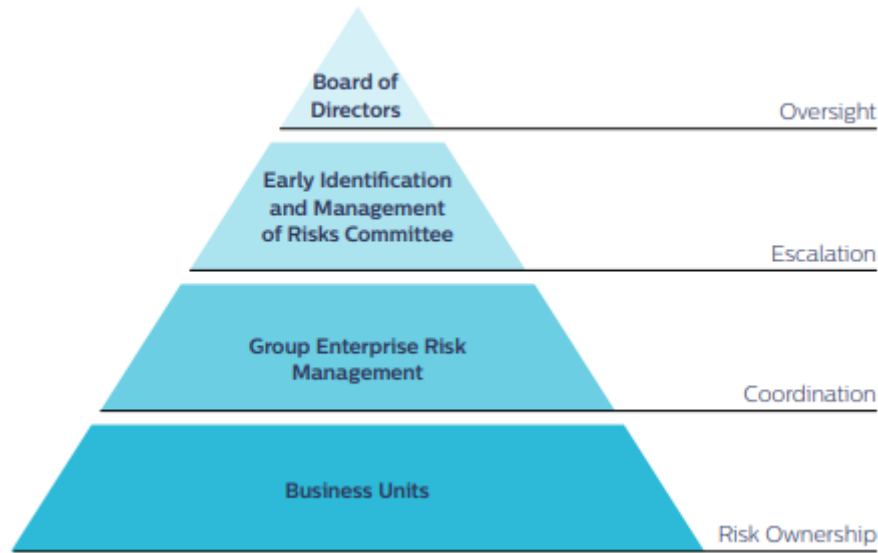
Governance Structure

Risk management and Internal Control is a natural part of the activities carried out by all Türk Telekom employees. The Corporate Risk Management approach is aimed at serving as an integral part of decision-making mechanisms by integrating the approach into activities and processes at all levels.

The Board of Directors holds both the final authority and responsibility for the effectiveness of Corporate Risk Management. The Board of Directors conducts this responsibility, which involves more of a supervision, through the Early Identification and Management of Risks Committee. All organisational levels of the Group, particularly the senior management and risk holders, contribute to and support the Corporate Risk Management and Internal Control implementation processes. Within the scope of the Risk Management and Internal Control efforts, it is aimed to internalise

a risk and control culture throughout the Group and all activities are carried out with the contribution of all stakeholders to whom risks are associated. Risk Management and Internal Control is a natural part of the work undertaken by all employees.

Türk Telekom Group Corporate Risk Management Governance Model



According to the Türk Telekom governance structure;

The Board of Directors examines and supervise the risks and opportunities to which Türk Telekom Group is exposed, in line with the Group strategies.

Early Identification and Management of Risks Committee was established with the decision of the Board of Directors dated 14 August 2013 in accordance with Article 378 of the Turkish Commercial Code No. 6102, and the relevant regulations of the Capital Markets Board. Its organisation, duties and responsibilities were published under the title of The Tasks and Working Principles of the Early Identification and Management of Risks Committee.

An Internal Control Policy was established to define Türk Telekom Group's internal control objectives and policies, to regulate the corporate control environment and to establish a basis for the corporate control culture. Internal Control Standards were established in order to define the internal control implementation principles of Türk Telekom Group, to determine the standards required to achieve the objectives set out in the internal control policy and to establish a common internal control language and practice to support communication between employees.

While the Enterprise Risk and Business Continuity Department reports to our Company's General Manager, it also works functionally under the Early Identification and Management of Risks Committee, which was established within the Board of Directors.

The Enterprise Risk and Business Continuity Department is responsible for determining and improving the standards related to the Corporate Risk Management System, the coordination of Corporate Risk Management processes carried out throughout the

Group, monitoring of the current and improvement levels of identified risks and reporting them to the relevant management levels and the coordination of business continuity management activities as the bearer of the business interruption risk, which is one of the most important risks of the company.

Business units take the necessary measures by assuming responsibility of the risks. Risk management is a natural part of the work of all employees. All Company employees are responsible for complying with the risk management policy, effectively managing risks related to their field of activity and taking the necessary measures to comply with the relevant legislation.

The risks of the Group companies are also managed in line with the risk management standards, which were established for Türk Telekom.

Risk Lifecycle

Work is carried out to manage potential risks effectively and under a holistic approach. For this purpose, the risks the Company exposed to are identified by the business and technology teams; and the root causes and potential consequences of the identified risks are determined. With the Bow-Tie Analysis used in this process, the end-to-end complete risk profile is determined, including checkpoints, from root causes to their effects on targets.

The current status of the risks is measured and monitored by evaluating the possibility of their realisation and the effects they will create when they occur. While conducting a risk analysis, it is considered that the impact of a risk may affect more than one area. Existing controls on the risks which have been identified, evaluated and prioritised by the relevant parties are determined, and their effectiveness is evaluated. In order to achieve the objectives, actions are set out which aim to be compatible with risk appetite by seeking to ensure the optimal balance between risk and reward. When making decisions to manage risks, risk owners conduct cost-benefit analysis and take stakeholder expectations into account. Moreover, assessment is carried out to see whether the management of the risk requires special expertise which is not available within the business units. The four main options to be evaluated in this context are as follows:

- Accept the Risk
- Reduce the Risk
- Transfer the Risk (Share)
- Avoid the Risk

Internal Control Environment

In order to achieve strategic objectives at Türk Telekom, to ensure the effectiveness and efficiency of activities, to ensure the reliability and accuracy of financial information, to protect the customers' personal data and the Company assets, and to ensure compliance with the laws, regulations, policies and procedures, the necessary internal control environment was established within the Company.

The controls are actions which help operational objectives to be achieved by reducing the probability of risks being realised and/or the impact that would occur if the risks were realised. It is aimed to integrate the control activities into systems and processes while the relevant structure is still in the design phase.

The risk owner identifies the existing controls together with the stakeholders for accurate determination of the level of the risk and also performs self-assessment of the effectiveness of these controls together with the control owners.

With the periodic control activities carried out by the Internal Control Department, it is aimed to provide reasonable assurance regarding the processes by testing the control points designated in the processes.

Prohibition on Carrying out Business and Competing with the Company

On this subject, the Company has adopted practices that are aligned with Articles 395 and 396 of the Turkish Commercial Code and Principles of Corporate Governance annexed to Communiqué II-17.1 on Corporate Governance.

During the Ordinary General Assembly Meeting dated 9 August 2023, the General Assembly permitted the members of the Board of Directors to perform the works set forth in Articles 395 and 396 of the Turkish Commercial Code, and pursuant to Corporate Governance Communiqué No: II.17.1, the General Assembly was informed of the transactions realised during the year by the controlling shareholders, members of the Board of Directors, the senior executives and their spouses and their relatives by blood and marriage up to the second degree to conduct material transactions which may cause a conflict of interest for the Company or the Company's subsidiaries and/or to perform any transaction in the category of commercial affair falling into the scope of the fields of activity of the Company or its subsidiaries on their own or others' behalf or to acquire shares in another company engaged in the same type of commercial activities under the capacity of unlimited partner.

Remuneration of Members of the Board of Directors and Senior Executives

The shareholders were informed of the remuneration basis and criteria used to determine all kinds of rights, benefits, and salaries provided to the members of the Board of Directors and senior executives in the Ordinary General Assembly Meeting dated August 09, 2023. This information was publicly disclosed and was also posted on the Investor Relations website of the Company. Remuneration of members of the Board of Directors is determined by the General Assembly in accordance with Article 408 of Turkish Commercial Code No. 6102 and Article 8 of the Company's Articles of Association.

At the Ordinary General Assembly Meeting dated August 09, 2023, it was resolved that the net remuneration to be paid to each of the members of the Board of Directors in accordance with the Company's Remuneration Policy in relation to their activities in 2023 be determined at the Ordinary General Assembly Meeting of 31 March 2022 at a growth rate between the current value of the monthly ratio used in the civil officers salary calculation as of the date of the last General Assembly Meeting and its current value, at an increase rate of annual consumer price index announced by Turkish Statistical Institute (TÜİK) each year on January and July as of the date of 01.04.2024 to the next General Assembly Meeting.

There is no performance measurement and a performance-based rewarding system in place for Board members.

The Company has never lent money or extended loans to any Board member or executive, no credit has been extended under personal loans through third persons, nor have any guarantees been provided such as suretyship in their favour.

The remuneration of directors and other members of key management for 2022 and 2023 are as follows collectively:

(TL thousand)	1 January 2022 – 31 December 2022	1 January 2023 – 31 December 2023
Short-term benefits	280,738	299,617
Remunerations and similar fees	254,556	256,982
Attendance fees	26,183	42,634
Long-term defined benefits	7,299	9,865
Social Security Institution Premiums	7,299	9,865
Total	288,037	309,482

STAKEHOLDERS

Stakeholders of Türk Telekom are individuals, institutions or interest groups such as employees, creditors, customers, suppliers, dealers, trade unions and various non-governmental organisations which have a share in achieving the Company's goals or are involved in the fulfilment of the Company's activities.

In its operations and activities, Türk Telekom takes every effort to protect the rights of its stakeholders as regulated by relevant legislation and mutual agreements.

In cases where the rights of the stakeholders cannot be protected by legislation and mutual agreements, the interests of the stakeholders are protected in accordance with the rules of good faith and to the extent of the Company's capabilities.

Company Policies Regarding Stakeholders

Türk Telekom's policies regarding its employees are carried out in accordance with the human resources and human rights policies, while its relations with suppliers are guided by the practices described in its procurement policy.

As a responsible employer, Türk Telekom assigns utmost priority to the execution of the business processes and transactions of stakeholders with whom it has a connection, in accordance with the labour and social security laws and the Company's Human Rights Policy.

Türk Telekom listens the requests and suggestions of its customers and exercises maximum effort to resolve their complaints as quickly as possible, in a fair, impartial and confidential manner, in accordance with laws, regulations and the Company rules.

Türk Telekom attaches importance to ensuring that its relations with companies such as dealers, contractors and business partners, with which it has engaged in commercial business relations, are proper, consistent and reliable, and that all kinds of business is carried out in conformity with the relevant contracts, laws or regulations. In the contracts signed with the mentioned companies, objective criteria such as compliance

with principles and practices, and the benefits and costs by taking into account the opinions of legal and relevant business units, are taken into consideration.

Company Policies Regarding Stakeholders are listed below.

Corporate Governance Policies:

- [Disclosure Policy](#)
- [Dividend Policy](#)
- [Remuneration Policy](#)
- [Board of Directors Women Membership Policy](#)
- [Donation Policy](#)
- [Compensation Policy](#)
- [Internal Directive of the General Assembly](#)
- [Code of Ethics](#)

Sustainability Policies

- [Sustainability Policy](#)
- [Human Rights Policy](#)
- [Human Resources Policy](#)
- [Anti-Bribery and Anti-Corruption Policy](#)
- [Information Security Policy](#)
- [Procurement Policy](#)
- [Integrated Management System Policy](#)

Informing Stakeholders

Türk Telekom pays utmost attention to communication with stakeholders and adopts the principle of transparency in its disclosures. The Company has been publicly traded on Borsa Istanbul since 2008 and its shareholders and investors are kept informed in line with the principles of public disclosure.

The Company's Marketing and Customer Care Department efficiently handles the requests of Türk Telekom customers for information concerning services and products, addresses comments or complaints, and provides solutions to customer problems.

Intracompany disclosures are provided through Internal Communication Group Management.

Suppliers, dealers, investors, employees and other stakeholders are informed of the Company's practices vis-à-vis stakeholders, through public policies published in Turkish and in English on the Company's website.

Corporate Governance Compliance Report

Company Compliance Status						
	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 -Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	Such a situation did not occur.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				This issue constitutes a separate item of the agenda of the General Assembly Meeting; and as there are many donations and beneficiaries, a summary information is provided.
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.			X			There was no participation request to the General Assembly Meeting by the media in fiscal year 2023.
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.		X				There is no privileged voting rights. Group (A), (B) and (C) shareholders has been granted the privilege to nominate candidates to the Board of Directors in Article 8 of the Company's Articles of Association.
1.4.3 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.					X	Such a situation did not occur.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			There is no provision in the Articles of Association to be granted minority rights to shareholders who have less than one twentieth of the capital. At the same time, attention is paid to the use of minority rights within the scope of TCC and CMB regulations.
1.6. DIVIDEND RIGHT						

1.6.1 – The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 – The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 – The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 – The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 – There are no restrictions preventing shares from being transferred.		X				Group C Privileged Share refers to 1 Group C share held by Ministry of Finance and Treasury in accordance with Telegraph and Telephone Law No. 406. Without prejudice to Article 6/A of the Articles of Association of the Company, All shares of Türk Telekom except C Group 1 share may be sold. In accordance with Article 6/A.2. of the Company's Articles of Associate, transfer of the shares of Group A shareholder is subject to the veto right of the Group C share. According to Article 6 / A of the Company's Articles of Association, the transfer transaction of registered shares which affects the management control, and registration transaction of such transfer to the share ledger shall not be performed without the affirmative vote of the C Group Privileged Shareholder.
2.1. CORPORATE WEBSITE						
2.1.1 – The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 – The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 – The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 – The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 – The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1 – The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 – Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 – A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 – The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 – The Articles of Association, or the internal regulations (terms of		X				There are internal directives about this topic. Models for participation of company employees in management

4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				Our Company has a Board of Directors Women Membership Policy. It is aimed to reach this goal within the next 5 years from the date of publication of the policy, by assigning at least one woman member to the Board of Directors and assigning woman member (s) to the Board of Directors.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1 - Each board member attend the majority of the board meetings in person or via an electronic board meeting system	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				There is no restriction for the members of the Board of Directors to assume any other duties outside the Company. The duties of the members of the Board of Directors outside the Company are presented in the annual report and in their resumes published on the website.
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			The number of independent members on the Board of Directors does not allow for Board members to serve in only one of the Board's committees. Therefore some independent members of the Board of Directors are assigned in more than on committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	In fiscal year 2023, the committees have not received any consultancy services hence this subject was not included in the annual report.

4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			The performance of the Board of Directors has not been evaluated.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The remuneration of provided to executives are disclosed in aggregated form on annual report and are not disclosed on individual basis.

Corporate Governance Information Form

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholders Rights	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	<p>Türk Telekom Investor Relations department participates in various conferences and meetings in Türkiye and abroad every year.</p> <p>In 2023, Türk Telekom held meetings with 176 equity and bond investors from different geographies and considers providing timely, continuous and accurate information to its investors among its top priorities. Türk Telekom Investor Relations participated in investor conferences and webinars, and organised roadshows. Moreover, following the disclosure of the quarterly financial and operational results, Investor Relations department continued to hold teleconferences in order to share the assessment of the Company's senior management for the relevant quarter and to provide investors and analysts with the opportunity to pose their questions to the management of the Company.</p> <p>Investor Relations department continued to organise teleconferences following the disclosure of the quarterly financial and operational results in order to share the senior management's views on quarterly operations and to provide investors and analysts the opportunity to ask their questions to the management.</p>
1.2. Right to Obtain and Examine Information	
The number of special audit request(s)	No requests were made for the appointment of a special auditor in the reporting period.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None
1.3. General Assembly	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/1172774 https://www.kap.org.tr/en/Bildirim/1183035 https://www.kap.org.tr/en/Bildirim/1187717
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Documents are also shared simultaneously on Public Disclosure Platform (KAP) and on the company's investor relations website in English.
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	No such transaction took place during the year.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	No such transaction took place during the year.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	https://www.kap.org.tr/en/Bildirim/1181015
The name of the section on the corporate website that demonstrates the donation policy of the company	https://www.ttyatirimciliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-policies https://www.ttyatirimciliskileri.com.tr/media/pl5nrfuj/donation-policy.pdf
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/en/Bildirim/1014683 https://www.kap.org.tr/en/Bildirim/1014708
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	There is no such provision in the articles of association.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	There was no participation in General Assemblies held in 2023 except by shareholders.
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	There is no differential voting rights. Group (A), (B) and (C) shareholders are granted the privilege to nominate candidates for the Board of Directors in Article 8 of the company's Articles of Association.
The percentage of ownership of the largest shareholder	61.68% (Türkiye Wealth Fund holds 1.68% of the publicly traded shares.)
1.5. Minority Rights	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	There is no provision in the Articles of Association to grant minority rights to shareholders who have less than one twentieth of the capital. However, compliance with the use of minority rights within the scope of TTK and CMB regulations is ensured.
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	<p>Corporate Governance Policies</p> https://www.ttyatirimciliskileri.com.tr/tr-tr/kurumsal-yonetim/sayfalar/kurumsal-yonetim-politikalari https://www.ttyatirimciliskileri.com.tr/media/Oz4d0c1y/kar-dagitim-politikasi.pdf
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason	<p>Board of Director's Resolution;</p> <p>Türk Telekom, the leading integrated telecommunications company, continues its activities by prioritising its strategic goals and investments in order to sustain its technological leadership</p>

for such proposal and information as to use of the dividend.	<p>while maintaining a healthy liquidity and investment balance, and a strong balance sheet. Our Board of Directors resolved to propose at the 2022 Ordinary General Assembly that Türk Telekom pays no dividend out of 2022 earnings. The decision reflects the need for elevated caution in light of the recent events and the consideration of our Company's liquidity and investment requirements along with possible volatility in financial markets on global or domestic macro uncertainties.</p> <p>General Assembly Meeting Minutes</p> <p>It is seen that the above mentioned shareholders proposed the Company's Board of Director's Resolution dated 22.02.2023 and numbered 07 regarding the profit distribution shall be approved.</p> <p>1 -The Company's net profit calculated according to the independently audited consolidated financial tables prepared in accordance with the provisions of "Capital Markets Board (CMB) Communique About Financial Reporting in Capital Markets No. II-14.1" is TL 4,134,846,000 for the fiscal year of 2022.</p> <p>2- Pursuant to the CMB Communique on Dividends No: II-19.1, the profit after tax amount of TL 4,134,846,000 shall be the base amount for dividend distribution,</p> <p>3- The Company is not required to take any reserves for 2022 as per the Article 519 of Turkish Commercial Code because it has already reached the general legal reserve limit,</p> <p>Accordingly, the Company is allowed to make a proposal, subject to the provisions of its Articles of Association, that the net profit amounting to TL 4,134,846,000 which is based on the independently audited consolidated financial statements, shall be recorded as extraordinary reserves.</p> <p>The Chairman put the proposal to vote, regarding the approval of the decision of the Board of Directors of the Company, dated 22.02.2023 Nr. 07, which was submitted for the examination of the shareholders in the company's website www.tyativimciiliskileri.com.tr, on the Public Disclosure Platform, EGAS and in the files distributed to physically attended shareholders in the meeting. Chairman put the proposal of the board of directors to a vote accordingly. As a result of the voting, the abovementioned Proposal was approved by a majority of TL 10,401 NEGATIVE and TL 3,119,621, 808 AFFIRMATIVE votes.</p>
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/en/Bildirim/1183035

Genel Kurul Toplantıları

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
09.08.2023	3	89.13%	0.0003%	86.6%	Corporate Governance/ General Assembly Meeting Information	Corporate Governance / General Assembly Meeting Information			https://www.kap.org.tr/en/Bildirim/1183035

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	https://www.tyativimciiliskileri.com.tr/en-us/pages/home-page Türk Telekom Group -Ownership Structure, Announcements and Disclosures Corporate Governance-Board of Directors, Committees, Senior Management, Insiders with Administrative Responsibilities, Corporate Governance Compliance Report, Corporate Governance Rating, General Assembly Meeting Information, Articles of Association and Trade Registry Information, Internal Audit and Risk Management, Related Party Transactions, Code of Ethics, Policies, Independent Auditor
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares	https://www.tyativimciiliskileri.com.tr/en-us/turk-telekom-group/investing-in-turk-telekom/pages/ownership-structure https://www.tyativimciiliskileri.com.tr/media/imupesmv/hissedar-yapisi-en.pdf
List of languages for which the website is available	Turkish, English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that	Corporate Governance Principles Compliance Report section
---	---

demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Principles Compliance Report section
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance Principles Compliance Report section
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	There was no legislative amendments that could significantly affect the Company's operations in 2023.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Consolidated Independent Audit Report/Commitment and Obligations
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Corporate Governance Principles Compliance Report Section/Other information according to the legislation
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Capital and Shareholder Structure section
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Corporate Governance Principles Compliance Report and 2022 Sustainability Report, sections titled Community Contribution Focus
3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-policies https://www.ttyatirimciiliskileri.com.tr/media/u1jd4zif/compensation-policy.pdf
The number of definitive convictions the company was subject to in relation to breach of employee rights	0
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Business Ethics Committee
The contact detail of the company alert mechanism	etik@turktelekom.com.tr https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-committee-communication-form
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Corporate Governance Principles Compliance Report Section
Corporate bodies where employees are actually represented	At Türk Telekom, employees are represented through Occupational Health and Safety Boards and various surveys, research and individual notifications conducted by Human Resources. As of the end of 2023, the judicial process between the unions regarding the determination of the labor union authorized to conclude collective bargaining agreements at Türk Telekom is still ongoing. Therefore, the expired collective bargaining agreement continued to be implemented without any deterioration in employee rights. Türk Telekom has realised the necessary increases in the wages and rights of its employees, taking into account public and private sector collective bargaining agreements.

3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/human-rights-policy https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/human-resources-policy Human Resources Policy In cases for executive position change might lead to disruptions in company management, backup plans are prepared for the determination of the new managers to be appointed.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/human-rights-policy https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/human-resources-policy Employment Policy Türk Telekom aims to recruit its employees on long term basis as a principal to provide high quality and economic services with regard to technological developments, financial and economic conditions and sectoral changes in its field of activity. Continuous success of Türk Telekom depends on the ab of its employees to adapt rapidly and efficiently to the changing conditions of the sector, as well as their flexibility this respect. Our employees via their superior skills, competence and experience help the Company to become one of the leading companies in the world. Türk Telekom supports on-the-job training by programmes carried in cooperation with regulatory and supervisory agencies a as the universities and provides employment opportunity within this framework. Our company asserts its claim of being the most preferred company to work for by sharing pride of being a Türk Telekom employee with young talents from universities and professionals outside the company. Recruitment criteria are determined and documented in written form and that criteria should be followed. Türk Telekom provides equal recruitment and career planning opportunity to its applicants. Diversity Türk Telekom values diversity and considers this is an asset, and strives to make its employees feel like the a part of the Company. Accordingly, Türk Telekom is committed to equal opportunity, and takes into account qualifications, performance, skills and experiences of it employees for recruitment, placement, development, training, compensation, promotion, and resignation from Company. Is aware that diversity in its labour contributing achievement of the Company targets, and strives to rec candidates with diverse backgrounds and experience, a employ them for a long term. Fulfils its legal obligations relation to employment of people with disabilities, and disadvantages.
Whether the company provides an employee stock ownership programme	There isn't an employee stock ownership programme
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/human-rights-policy Discrimination and Harassment At Türk Telekom; No one is discriminated on grounds of age, language, race, ethnicity, nationality, health, disability status, gender, marital status, religion and sect, political opinions, philosophical beliefs and faith. Discriminatory and unfair conducts are not tolerated. Employees are provided with a working environment, free from all kinds of ill-treatment, mobbing and harassment.
The number of definitive convictions the company is subject to in relation to health and safety measures	17
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-policies https://www.ttyatirimciiliskileri.com.tr/media/h3rjq0xg/code-of-ethics.pdf
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/sustainability https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/corporate-social-responsibility
Any measures combating any kind of corruption including embezzlement and bribery	https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/policies https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/anti-bribery-and-anti-corruption-policy
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	-
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	2 individuals jointly represent and bind our company in the broadest terms on all kind of matters as below: - Ümit Önal, Member of the Board of Directors nominated by Group A Shareholder

	- Dr. Ömer Fatih Sayan, Member of the Board of Directors representing Group C Privileged Share
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	Number of reports submitted to the Committee and Board of Directors is 4.
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Assessments of the Board of Directors Section
Name of the Chairman	Dr. Ömer Fatih Sayan
Name of the CEO	Ümit Önal
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Not the same person.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/en/Bildirim/1156203
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	https://www.tyatirimciliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-policies https://www.tyatirimciliskileri.com.tr/media/jk4hizi2/women-board-membership-policy.pdf
The number and ratio of female directors within the Board of Directors	0

Yönetim Kurulunun Yapısı (Özet)

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Dr. Ömer Fatih Sayan	Non-executive	Bağımsız üye değil.	04.09.2018	-	-	No	No
Yiğit Bulut	Non-executive	Independent director	06.05.2014	https://kap.org.tr/en/Bildirim/358251	Considered.	No	Yes
Selim Dursun	Non-executive	Independent director	04.09.2018	https://kap.org.tr/en/Bildirim/708083	Considered.	No	No
Enver İskurt	Non-executive	Independent director	31.03.2022	https://kap.org.tr/en/Bildirim/1014683	Considered.	No	Yes
Salim Arda Ermut	Non-executive	Not independent director	31.03.2022	-	-	No	Yes
Ümit Önal	Executive	Not independent director	31.03.2022	-	-	No	Yes
Metin İlhan	Non-executive	Not independent director	31.03.2022	-	-	No	No
Deniz Yılmaz	Non-executive	Not independent director	09.08.2023	-	-	No	Yes

4. Board of Directors-II

4.4. Meeting Procedures of the Board of Directors

Number of physical or electronic board meetings in the reporting period	14
Director average attendance rate at board meetings	94.5%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	10 days

The name of the section on the corporate website that demonstrates information about the board charter	Article 12 of the Company's Articles of Association. https://www.ttyatirimciiliskileri.com.tr/media/4ulbh4i1/articles_of_association_.pdf http://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/articles-of-association-trade-registry-information.aspx			
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	-			
4.5. Board Committees-II				
Page numbers or section names of the annual report where information about the board committees are presented	Board of Directors' Committees and Corporate Governance Principles Compliance Report Section			
Link(s) to the PDP announcement(s) with the board committee charters	Audit Committee: https://www.kap.org.tr/en/Bildirim/659174 Nomination and Remuneration Committee: https://www.kap.org.tr/en/Bildirim/1038148 Early Identification and Management of Risks Committee https://www.kap.org.tr/en/Bildirim/304033 Corporate Governance Committee: https://www.kap.org.tr/en/Bildirim/741628			
Composition of Board Committees -I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Corporate Governance Committee		Enver Iskurt	Yes	Board member
Corporate Governance Committee		Selim Dursun	No	Board member
Corporate Governance Committee		Metin Ilhan	No	Board member
Corporate Governance Committee		Gölsen Ayaz	No	Not board member
Audit Committee		Yiğit Bulut	Yes	Board member
Audit Committee		Selim Dursun	No	Board member
Early Identification and Management of Risks Committee		Yiğit Bulut	Yes	Board member
Early Identification and Management of Risks Committee		Dr. Ömer Fatih Sayan	No	Board member
Nomination and Remuneration Committee		Yiğit Bulut	Yes	Board member
Nomination and Remuneration Committee		Dr. Ömer Fatih Sayan	No	Board member
Nomination and Remuneration Committee		Salim Arda Ermut	No	Board member
4. Board of Directors-III				
4.5. Board Committees-II				
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report / Corporate Governance Principles Compliance Report Section https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/audit-committee			
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report / Corporate Governance Principles Compliance Report Section https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-committee			
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report / Corporate Governance Principles Compliance Report Section https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/nomination-committee			
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report / Corporate Governance Principles Compliance Report Section https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/early-identification-and-management-of-risks-and-committee			
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report / Corporate Governance Principles Compliance Report Section https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/nomination-committee			

4.6. 'Financial Right Provided to the Members of Board of Directors and the Senior Executives'

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report / Corporate Governance Principles Report Section
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	"Policies" section under the heading "Corporate Governance" on the Company's website at http://www.ttyatirimciiliskileri.com.tr https://www.ttyatirimciiliskileri.com.tr/media/bf1go0g5/remuneration_policy.pdf
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report / Corporate Governance Principles Report Section 'Financial Right Provided to the Members of Board of Directors to the Senior Executives'

Composition of Board Committees -II

Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Re Activities Submit Board
Audit Committee		100%	100%	5	6
Corporate Governance Committee		75%	50%	2	1
Early Identification and Management of Risks Committee		100%	50%	5	1
Nomination and Remuneration Committee		100%	33%	3	3

Sustainability Principles Compliance Report

		COMPLIANCE STATUS				EXPLANATION	RELATED REPORT/LINK
		YES	NO	PARTIAL	IRRELEVANT		
A. General Principles							
A1. Strategy, Policy and Goals							
A1.1	The prioritised environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.	X				Within the scope of corporate risk management, Environmental, Social, and Governance (ESG) risk areas are currently being monitored by the relevant departments within the Company. ESG policies are outlined in the Sustainability policy.	https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/sustainability-policy
	The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.	X				Human Rights Policy, Human Resources Policy, Anti-Bribery and Anti-Corruption Policy, Information Safety Policy, Procurement Policy, Integrated Management System Policy, Disclosure Policy, Dividend Policy, Remuneration Policy, Board of Directors Women Membership Policy, Donation Policy, Compensation Policy, Sustainability Policy, Code of Ethics Investor Relations Web Site-Corporate Governance Policies https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-policies Work on the environmental policy for Türk Telekom and Group companies is in progress.	Investor Relations Web Site Sustainability-Policy (https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/sustainability-policy) Investor Relations Web Site-Corporate Governance Policies (https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/corporate-governance-policies)
A1.2	The short and long-term targets set within the scope of ESG policies have been disclosed to the public.	X				The Türk Telekom Group's Carbon Emission Reduction Commitment has been shared with the public through the Public Disclosure Platform.	https://www.kap.org.tr/en/Bil-dirim/1257319
A2. Implementation/Monitoring							
A2.1	The responsible committees and/or business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public.	X				It is shared in the Sustainability Committee Working Principles.	https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/sustainability-committee
	The activities carried out within the scope of policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year.	X				The business units responsible for policies have been identified and reporting is made when necessary within the scope of their duties.	
A2.2	In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.	X				ESG targets and approaches in this direction are included in the Sustainability Policy.	https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/sustainability-policy
A2.3	The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.	X				It was disclosed in 2022 Sustainability Report.	2022 Sustainability Report https://www.ttyatirimciiliskileri.com.tr/media/2u2oqxv0/en-turk-telekom-surdurulebilirlik-raporu-h-rv3.pdf
A2.4	The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public	X				In the Sustainability Report, activities to improve the sustainability performance of business processes or products and services are disclosed to the public.	2022 Sustainability Report: Focus on Climate Change and Environment p.37 Focus on Customers p.50-59 Focus on Value for Human p.62-70 Focus on Trust-Doing Business Responsibly p.72-89

							Focus on Contributions to Society s.91-95
A3. Reporting							
A3.1	The information about the sustainability performance, targets and actions have been given in annual reports of the Company an understandable, accurate and sufficient manner.	X				It is disclosed in Our Sustainability Performance section of the Annual Report.	2023 Annual Report p.13
A3.2	The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.	X				In the Sustainability Report, information on which of the United Nations (UN) 2030 Sustainable Development Goals our operations are related to is disclosed to the public.	2022 Sustainability Report p.25-26
A3.3	The lawsuits filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.	X				It has been disclosed to the public that Türk Telekom did not have any environmental accidents reported or accrued environmental fines in 2022.	https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/occupational-health-and-safety
A4. Verification							
A4.1	The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.		X			The emission values resulting from Türk Telekom's activities in 2023 have not yet been finalized. When finalized, they will be verified and shared on the website.	
B. Environmental Principles							
B1	The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.	X				Türk Telekom operates within the scope of ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. It is included in the Integrated Management System Policy.	https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/integrated-management-system-policy
B2	The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.	X				Information regarding environmental management is included in the 2022 Sustainability Report. Work is ongoing for the year 2023.	2022 Sustainability Report p.3
B4	The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).	X				Türk Telekom Group's Carbon Emission Reduction Commitment was disclosed to the public via PDP.	https://www.kap.org.tr/en/Bildirir/1257319
B5	How the prioritised environmental issues have been integrated into business objectives and strategies has been disclosed.	X				It is explained in the Sustainability Policy.	https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/sustainability-policy
B7	The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.	X				It is explained in the Sustainability Policy and Procurement Policy.	https://www.ttyatirimciiliskileri.com.tr/en-us/corporate-governance/pages/sustainability-policy https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/procurement-policy
B8	Whether the Company have been involved to environmental related organizations and non-governmental organizations' policy making processes and collaborations with these organizations has been disclosed.	X				It is included in the Our Sustainability Performance section.	2023 Annual Report p.13
B9	In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and	X				CDP reporting is conducted. The CDP Report is available on the Investor Relations website.	https://www.ttyatirimciiliskileri.com.tr/en-us/socially-responsible-investing/pages/carbon-disclosure-project

	wastewater management, waste management, biodiversity impacts)), information on environmental impacts is periodically disclosed to the public in a comparable manner.						
B10	Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed.	X				CDP reporting is conducted. The report for the year 2023 has not yet been completed.	https://www.ttyatirimciiliskile.com.tr/en-us/socially-responsible-investing/pages/carbon-disclosure-project
B11	The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.		X			Work is ongoing for the year 2023.	2022 Sustainability Report p.98
B12	The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.	X				In the Sustainability Report, short- and long-term targets have been set to reduce environmental impacts, and these targets and progress against the targets set in previous years are disclosed to the public. In addition, Türk Telekom Group's Carbon Emission Reduction Commitment was disclosed on the Public Disclosure Platform.	2022 Sustainability Report p.37-48 https://www.kap.org.tr/en/Bildirir/1257319
B13	A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.	X				It is explained in the Sustainability Policy.	https://www.ttyatirimciiliskile.com.tr/en-us/corporate-governance/pages/sustainability-policy
B14	The programs/procedures to prevent or minimize the potential negative impact of products and/or services on the environment have been established and disclosed.	X				It is explained in the Sustainability Policy.	https://www.ttyatirimciiliskile.com.tr/en-us/corporate-governance/pages/sustainability-policy
	The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.		X			Our efforts to monitor supplier activities have started. In the coming period, management mechanisms will be established for emission monitoring of products during the procurement phase.	
B15	The environmental benefits/gains and cost savings of initiatives/projects that aims reducing environmental impacts have been disclosed.	X				Disclosed on Türk Telekom Investor Relations website. Work for 2023 reporting is ongoing.	https://www.ttyatirimciiliskile.com.tr/en-us/socially-responsible-investing/pages/environmental-sustainability-and-efficiency
B16	The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope-1 and Scope-2.	X				Energy consumption was disclosed to the public as Scope 1 and Scope 2 in the Report. Work for 2023 reporting is ongoing.	https://www.ttyatirimciiliskile.com.tr/en-us/socially-responsible-investing/pages/carbon-disclosure-project
B17	The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.			X		Information on electricity and fuel consumed was provided in the CDP report and 2022 Sustainability Report. Work for 2023 reporting is still in progress.	https://www.ttyatirimciiliskile.com.tr/en-us/socially-responsible-investing/pages/carbon-disclosure-project
B18	The studies related to increase the use of renewable energy and transition to zero/low carbon electricity have been conducted and disclosed.	X				It is disclosed in the Emission Management section of Türk Telekom Investor Relations website.	https://www.ttyatirimciiliskile.com.tr/en-us/socially-responsible-investing/pages/emission-management
B19	The renewable energy production and usage data has been publicly disclosed.	X				Renewable energy production and utilization data for 2022 has been made public.	2022 Sustainability Report p.98
B20	The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.	X				It is disclosed in the Electricity Utilization and Management section of Türk Telekom Investor Relations website.	https://www.ttyatirimciiliskile.com.tr/en-us/socially-responsible-investing/pages/electricity-use-and-management
B21	The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above	X				It is disclosed in the Water Management section of Türk Telekom Investor Relations website.	https://www.ttyatirimciiliskile.com.tr/en-us/socially-responsible-investing/pages/waste-management

	ground (if any), have been disclosed.						
B22	The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).				X	The Company's sector is not among the priority sectors.	2022 CDP Report https://www.ttyatirimciiliskile ri.com.tr/media/znqazv54/cdp-2022.pdf
B23	The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.		X			Work for 2023 reporting is ongoing.	
B24	If carbon pricing is applied within the Company, the details have been disclosed.				X	The Company's sector is not among the priority sectors.	2022 CDP Report https://www.ttyatirimciiliskile ri.com.tr/media/znqazv54/cdp-2022.pdf
B25	The platforms where the Company discloses its environmental information have been disclosed.	X				It is available on the Türk Telekom Investor Relations website.	2022 CDP Report https://www.ttyatirimciiliskile ri.com.tr/media/znqazv54/cdp-2022.pdf
C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation. The policy and the officials that responsible for the implementation of it have been determined and disclosed.	X				The policy on Human Rights and the processes for its implementation have been disclosed to the public.	https://www.ttyatirimciiliskile ri.com.tr/en-us/socially-responsible-investing/pages/human-rights-policy
C1.2	Considering the effects of supply and value chain, fair workforce, improvement of labor standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in its policy on employee rights.	X				It is included in the Company's Human Rights Policy.	https://www.ttyatirimciiliskile ri.com.tr/en-us/socially-responsible-investing/pages/human-rights-policy
C1.3	The measures taken for the minority rights/equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.	X				Under the heading of ACCEPTING DIFFERENCES in the Human Rights Policy; "Türk Telekom values differences, sees this as a richness and strives to make its employees feel themselves as a part of the Company." Accordingly, it complies with legal obligations regarding the employment of disabled and disadvantaged people." In addition, important developments related to corporate social responsibility issues are included in the annual report.	https://www.ttyatirimciiliskile ri.com.tr/en-us/socially-responsible-investing/pages/human-rights-policy
C1.4	The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed.	X				It is included in the Company's Human Rights Policy.	https://www.ttyatirimciiliskile ri.com.tr/en-us/socially-responsible-investing/pages/human-rights-policy
C1.5	Investments in employees (education, development policies), compensation, fringe benefits, right to unionize, work/life balance solutions and talent management are included in the employee rights policy.	X				Investments in employees are included in the Human Resources Policy.	https://www.ttyatirimciiliskile ri.com.tr/en-us/socially-responsible-investing/pages/human-rights-policy
	The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.	X				The processes are explained in detail in the Company's Code of Ethics. Information on these issues is also provided in the Stakeholders section of the Annual Report.	https://www.ttyatirimciiliskile ri.com.tr/media/h3rq0xg/code-of-ethics.pdf

	The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.	X				The Human Resources Policy and Employment section of the Sustainability Report includes information on this issue. Work for 2023 reporting is ongoing.	2022 Sustainability Report p.63
C1.6	The occupational health and safety policies have been established and disclosed.	X				There is an Integrated Management System Policy. It is published on the Company's Investor Relations website.	https://www.ttyatirimciiliskile.com.tr/en-us/socially-responsible-investing/pages/integrated-management-system-policy
	The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.	X				It is included in the sustainability report. Work for 2023 reporting is ongoing.	2022 Sustainability Report p.70
C1.7	The personal data protection and data security policies have been established and disclosed.	X				Information on this issue is available in the Human Rights Policy and on the Company's Investor Relations website.	https://www.ttyatirimciiliskile.com.tr/en-us/socially-responsible-investing/pages/human-rights-policy
C1.8	The ethics policy have been established and disclosed.	X				The Code of Ethics is shared with the public on the Investor Relations page.	https://www.ttyatirimciiliskile.com.tr/media/h3rq0xg/code-of-ethics.pdf
C1.9	The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.	X				It is disclosed in the Corporate Social Responsibility section of Türk Telekom Investor Relations website.	https://www.ttyatirimciiliskile.com.tr/en-us/socially-responsible-investing/pages/corporate-social-responsibility
C1.10	The informative meetings and training programs related to ESG policies and practices have been organized for employees.	X				The company regularly organizes trainings every year on waste management, water conservation, energy efficiency, occupational health and safety legislation, and hygiene training. In 2023, 16,883 employees received online environmental training.	2022 Sustainability Report p.101 https://www.ttyatirimciiliskile.com.tr/media/2u2oqxv0/en-turk-telekom-surdurulebilirlik-raporu-h-rv3.pdf
C2. Stakeholders, International Standards and Initiatives							
C2.1	The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.			X		Customer satisfaction policy preparations are in progress.	
C2.2	The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.			X		Work for 2023 reporting is ongoing.	
C2.3	The international reporting standards that adopted in reporting have been explained.	X				International standards adopted in previous periods are included in the Sustainability Report. Work for 2023 reporting is ongoing.	2022 Sustainability Report p.3,35
C2.4	The principles adopted regarding sustainability, the signatory or member international organizations, committees and principles have been disclosed.	X				Türk Telekom has been a participating member of UNGC since 2020. The principles adopted regarding sustainability, signatory or member organizations are disclosed to the public.	https://www.ttyatirimciiliskile.com.tr/media/24lfxwx/inv-estor-call-q3-23.pdf
C2.5	The improvements have been made and studies have been carried out in order to be included in the Borsa Istanbul sustainability indices and/or international index providers.	X				Türk Telekom Borsa Istanbul Sustainability Index, MSCI, S&P Global, Sustainalytics, Vigeo Eiris and FTSE4Good Indices and platforms are included in Türk Telekom Investor Relations Investor Presentation.	https://www.ttyatirimciiliskile.com.tr/media/24lfxwx/inv-estor-call-q3-23.pdf
D. Corporate Governance Principles							
D1	The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.	X				Stakeholders' opinions were consulted in determining sustainability measures and strategies in the Sustainability Report. Work for 2023 reporting is ongoing.	2022 Sustainability Report p.28
D2	The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	X				Social responsibility projects, awareness-raising events and trainings were carried out to raise awareness on sustainability and its importance.	https://medya.turktelekom.com.tr/basin-bultenleri/basin-bultenleri-ve-gorseller

Statement of Independence

Statement of Independence

I have been nominated for the vacant independent board membership of Türk Telekomünikasyon A.Ş. ("The Company"). Pursuant to Corporate Governance Principles attached to the Communiqué No: II-17.1 on the Corporate Governance; I declare that;

- A relationship of an executive position with important duties and responsibilities has not been established by me, my spouse or up to third degree relatives by blood or marriage within the last five years and I do not jointly or separately hold more than 5% of capital or voting right or privileged share or have significant commercial relationship, with Türk Telekomünikasyon A.Ş., associations that Türk Telekomünikasyon A.Ş. holds management control or has significant effect on, and shareholders that hold Türk Telekomünikasyon A.Ş.'s management control or have significant effect on Türk Telekomünikasyon A.Ş. and entities whose management control held by these shareholders.
- I have not worked in a management position undertaking important duty and responsibilities for firms, particularly audit (including tax audit, legal audit and internal audit), rating and consultancy firms, firms that Türk Telekomünikasyon A.Ş. purchases or sells goods or services considerably, in the period that goods and services are purchased or sold, and also have not been appointed as board member to those firms within the last five years.
- I have necessary educational background, information and experience for fulfilling independent board member duties.
- Pursuant to Income Tax Law No.193 dated by 31.12.1960, I am a resident in Türkiye.
- I have the ethical standards, reputation and experience enabling them to contribute to activities of the Company, protect their impartiality with regard to conflict of interest that may arise among shareholders, make independent decisions by taking into account the rights of stakeholders.
- I have time to follow the requirements of the business activities of Türk Telekomünikasyon A.Ş. and to precisely perform the tasks I have undertaken.
- I do not serve as an independent board member in more than three of the Türk Telekomünikasyon A.Ş.'s or the companies whose management control held by shareholders that hold Türk Telekomünikasyon A.Ş.'s management control and also in total more than five of publicly traded companies.
- I am not registered and announced on behalf of the legal entity elected as Board Member

Yiğit Bulut

Statement of Independence

I have been nominated for the vacant independent board membership of Türk Telekomünikasyon A.Ş. ("The Company"). Pursuant to Corporate Governance Principles attached to the Communiqué No: II-17.1 on the Corporate Governance; I declare that;

- A relationship of an executive position with important duties and responsibilities has not been established by me, my spouse or up to third degree relatives by blood or marriage within the last five years and I do not jointly or separately hold more than 5% of capital or voting right or privileged share or have significant commercial relationship, with Türk Telekomünikasyon A.Ş., associations that Türk Telekomünikasyon A.Ş. holds management control or has significant effect on, and shareholders that hold Türk Telekomünikasyon A.Ş.'s management control or have significant effect on Türk Telekomünikasyon A.Ş. and entities whose management control held by these shareholders.
- I have not worked in a management position undertaking important duty and responsibilities for firms, particularly audit (including tax audit, legal audit and internal audit), rating and consultancy firms, firms that Türk Telekomünikasyon A.Ş. purchases or sells goods or services considerably, in the period that goods and services are purchased or sold, and also have not been appointed as board member to those firms within the last five years.
- I have necessary educational background, information and experience for fulfilling independent board member duties.
- Pursuant to Income Tax Law No.193 dated by 31.12.1960, I am a resident in Türkiye.
- I have the ethical standards, reputation and experience enabling them to contribute to activities of the Company, protect their impartiality with regard to conflict of interest that may arise among shareholders, make independent decisions by taking into account the rights of stakeholders.
- I have time to follow the requirements of the business activities of Türk Telekomünikasyon A.Ş. and to precisely perform the tasks I have undertaken.
- I do not serve as an independent board member in more than three of the Türk Telekomünikasyon A.Ş.'s or the companies whose management control held by shareholders that hold Türk Telekomünikasyon A.Ş.'s Management control and also in total more than five of publicly traded companies.
- I am not registered and announced on behalf of the legal entity elected as Board Member.

Selim Dursun

Statement of Independence

I have been nominated for the vacant independent board membership of Türk Telekomünikasyon A.Ş. ("The Company"). Pursuant to Corporate Governance Principles attached to the Communiqué No: II-17.1 on the Corporate Governance; I declare that;

- A relationship of an executive position with important duties and responsibilities has not been established by me, my spouse or up to third degree relatives by blood or marriage within the last five years and I do not jointly or separately hold more than 5% of capital or voting right or privileged share or have significant commercial relationship, with Türk Telekomünikasyon A.Ş., associations that Türk Telekomünikasyon A.Ş. holds management control or has significant effect on, and shareholders that hold Türk Telekomünikasyon A.Ş.'s management control or have significant effect on Türk Telekomünikasyon A.Ş. and entities whose management control held by these shareholders.
- I have not worked in a management position undertaking important duty and responsibilities for firms, particularly audit (including tax audit, legal audit and internal audit), rating and consultancy firms, firms that Türk Telekomünikasyon A.Ş. purchases or sells goods or services considerably, in the period that goods and services are purchased or sold, and also have not been appointed as board member to those firms within the last five years.
- I have necessary educational background, information and experience for fulfilling independent board member duties.
- Pursuant to Income Tax Law No.193 dated by 31.12.1960, I am a resident in Türkiye.
- I have the ethical standards, reputation and experience enabling them to contribute to activities of the Company, protect their impartiality with regard to conflict of interest that may arise among shareholders, make independent decisions by taking into account the rights of stakeholders.
- I have time to follow the requirements of the business activities of Türk Telekomünikasyon A.Ş. and to precisely perform the tasks I have undertaken.
- I do not serve as an independent board member in more than three of the Türk Telekomünikasyon A.Ş.'s or the companies whose management control held by shareholders that hold Türk Telekomünikasyon A.Ş.'s Management control and also in total more than five of publicly traded companies.
- I am not registered and announced on behalf of the legal entity elected as Board Member.

Enver İskurt

Financial Information

Statement of Responsibility

FINANCIAL TABLES APPROVED BY THE BOARD OF DIRECTORS STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUÉ NO: II-14.1

RESOLUTION DATED: 17.04.2024

RESOLUTION NO: 29

We hereby state that:

1. We have reviewed the Consolidated Financial Tables of our Company for the accounting period ending on 31 December 2022.
2. According to information to which we have access as a part of our duties and responsibilities within the Company, the Consolidated Financial Tables do not contain any material inaccurate disclosures or any shortcomings which may prove to be misleading because of the date of disclosure.
3. According to information to which we have access as a part of our duties and responsibilities within the Company, the Consolidated Financial Tables, which have been prepared in accordance with the Capital Markets Board Communiqué No: II-14.1, faithfully reflect the assets, liabilities, financial standing and profits and losses of the Company.

Kind regards,

Yiğit Bulut
Audit Committee
Chairman

Selim Dursun
Audit Committee
Member

Ümit Önal
General Manager-
CEO

Kaan Aktan
Finance Assistant
General Manager

ANNUAL REPORT APPROVED BY THE BOARD OF DIRECTORS STATEMENT OF RESPONSIBILITY AS PER ARTICLE 9 OF THE CAPITAL MARKETS BOARD COMMUNIQUÉ NO: II-14.1

RESOLUTION DATED: 17.04.2024

RESOLUTION NO: 30

We hereby state that:

a) We have reviewed the Board of Directors Annual Report for the January 1-December 31, 2023 which has been prepared in accordance with II.14.1. "Communiqué on Principles of Financial Reporting in Capital Markets" and have reviewed the "Corporate Governance Compliance Report" and the "Corporate Governance Information Form which have been prepared in accordance with the mandatory formats specified by the Capital Markets Board' (CMB) decision no: 2/49 on 10. January 2019 as per

II-17.1 "Communiqué on Corporate Governance"

b) Based on our knowledge within the scope of our duties and responsibilities in the Company, the Annual Report including explanations within the compliance framework of sustainability principles do not contain any misleading statements with regards to important matters or do not contain any shortcomings any missing information that would be interpreted as misleading as of the date of disclosure.

c) Based on our knowledge within the scope of our duties and responsibilities in the Company, the Annual Report faithfully reflects the development and performance of the business and the consolidated financial situation of the Company along with the risks and uncertainties that the Company is facing.

d) Based on our knowledge within the scope of our duties and responsibilities in the Company, the "Corporate Governance Compliance Report" and the "Corporate Governance Information Form" faithfully reflect the information provided in such reports

Yiğit Bulut
Audit Committee
Chairman

Selim Dursun
Audit Committee
Member

Ümit Önal
General Manager-
CEO

Kaan Aktan
Finance Assistant
General Manager

Independent Auditor's Report on the Annual Report of the Board of Directors
(Convenience translation of a report originally issued in Turkish)

To the General Assembly of Türk Telekomünikasyon A.Ş.

1) Opinion

We have audited the annual report of Türk Telekomünikasyon A.Ş. ("the Company") and its subsidiaries ("the Group") for the period of 1/1/2023-31/12/2023.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated 17 April 2024 on the full set consolidated financial statements of the Group for the period of 1/1/2023-31/12/2023.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Seda Akkuş Tecer.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited

Seda Akkuş Tecer, SMMM

Partner

17 April 2024

İstanbul, Türkiye

Independent Auditor's Report on Consolidated Financial Statements

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

To the General Assembly of Türk Telekomünikasyon Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Türk Telekomünikasyon Anonim Şirketi (the company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRSs").

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Refer to Note 2.3 and Note 2.4 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>As presented in note 26, the Group's revenue is primarily generated from fixed-line telecommunication services, mobile telecommunication services, sales of equipment and TV subscriptions.</p> <p>The accuracy of revenue recognized in the consolidated financial statements is an inherent industry risk, as the billing systems of telecommunication companies are complex, processes large volumes of data with a combination of different products and services billed during the year, through a number of different systems.</p> <p>Significant management judgment can be required in determination of the appropriate measurement and timing of recognition of different elements of revenue within bundled sales packages, which may include services and telecommunication products.</p> <p>We identified revenue recognition as a key audit matter, because of the accuracy and timing of revenue recognized by the IT billing systems given the complexity of the systems and the significance of volumes of data processed by the systems.</p>	<p>We have performed the following audit procedures for the key audit matter:</p> <ul style="list-style-type: none">- Assessing the appropriateness of the revenue recognition policy of the Group;- Performing Information Technologies ("IT") general controls on critical information systems that support business processes, with the assistance of our internal IT specialists;- Performing procedures to evaluate the completeness and accuracy of the end-to-end data flow between billing, collection and general ledger records by examining key revenue processes;- Recalculation of customer invoices for significant revenue items on a sample basis.- Testing of critical reports on the revenue assurance system used by the company on a sample basis;- Testing material journal entries processed between the billing systems and the general ledger;- Substantive testing on a sample of non-systematic adjustments which are outside of the normal billing process and therefore carry higher levels of management judgment.- Performing analytical reviews and correlation analyzes on revenue items.

Land revaluation

Please refer to Note 2.3 and Note 19 for land revaluation,

<u>The key audit matter</u>	<u>How the matter was addressed in our Audit</u>
<p>The Group has decided to measure certain property, plant and equipment according to TAS 16 revaluation model. Estimates and assumptions used in the valuation has been considered as critical for our audit and therefore, land revaluation has been determined as a key audit matter.</p> <p>As of 31 December 2023, the revalued amount of the lands in the consolidated financial statements is TL 26.602.587thousand, and due to the change in fair value, TL 5.800.935 thousand gains on revaluation of property, plant and equipment has been accounted for under equity.</p> <p>In this context, the lands have been revalued with their fair values reflecting the market conditions as of 31 December 2023, in line with the valuation reports received from licensed real estate appraisal companies within the scope of the CMB regulations.</p>	<p>We have performed the following audit procedures for the key audit matter:</p> <ul style="list-style-type: none">- We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management;- In our audit, we assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the underlying lands;- Among the other audit procedures we performed, we verified the assumptions used by the external appraisers in their valuations. For this assessment within our audit work, we involved valuation experts of a firm which is in our audit network;- We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements.

Valuation of deferred tax assets

Refer to Note 2.3, Note 2.4 and Note 11 to the consolidated financial statements for summary of significant accounting policies and significant accounting assessments, estimates and assumptions for valuation of deferred tax assets.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>The Group has recognized deferred tax assets for deductible temporary differences and unused tax losses, which are considered as recoverable.</p> <p>The recoverability of recognized deferred tax assets is dependent on the Group's ability to generate future taxable profits sufficient to utilize deductible temporary differences and tax losses (before latter expire).</p> <p>We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.</p> <p>Significant judgment is required in relation to the recognition and recoverability of deferred tax assets.</p>	<p>We have performed the following audit procedures for the key audit matter:</p> <ul style="list-style-type: none">- Assessing and challenging the assumptions and judgments exercised by management in respect of the forecasts of future taxable profits by analyzing the assumptions adopted by management;- Considering the historical accuracy of forecasts of future taxable profits made by management by comparing the actual taxable profits for the current year with management's estimates in the forecasts made in the previous year and assessing whether there were any indicators of management bias in the selection of key assumptions;- Considering the impact of recent regulatory developments, where applicable and relevant;- Reconciling tax losses and expiry dates to tax statements; and- Assessing whether the Group's disclosures in the consolidated financial statements of the application of judgment in estimating recognized and unrecognized deferred tax asset balances appropriately reflect the Group's deferred tax position with reference to the requirements of the TFRSs.

Derivative financial instruments

Please refer to Note 2.3 and Note 15 for derivative financial instruments,

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>Cross currency swap transactions, forwards, interest rate swap transactions, futures transactions and all other derivative financial instruments are recorded on consolidated statement of financial position based on their fair value and their fair value are continuously subject to fair valuation.</p> <p>Furthermore the Company applies hedge accounting method for certain derivative instruments to enhance a protection for currency exchange and interest risk.</p> <p>Fair value of derivative financial instruments are determined through application of valuation techniques and utilization of assumptions and estimations. Derivative Financial instruments are evaluated as a key audit matter by us due to uncertainty in estimations utilized and materiality of the carrying values in the consolidated financial statements.</p>	<p>We have performed the following audit procedures for the key audit matter:</p> <ul style="list-style-type: none">-Obtaining written reconciliation from counter parties of the transaction and comparing of details of related derivative transaction through reconciliation;-Fair value controls of derivative financial instruments, selected as sample, are performed by valuation experts, which are a part of our audit team;-Prices used by the Company as input for the valuation of derivatives are compared with prices, obtained from market data providers;-Calculations used in and the appropriateness of the accounting of hedge methodology is reviewed.

Application of the hyperinflationary accounting

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
<p>As stated in Note 2.1 to the consolidated financial statements, the Group has started to apply “TAS 29 Financial Reporting in Hyperinflation Economies” since the functional currency of the Group (Turkish Lira) is the currency of a hyperinflationary economy as per TAS 29 as of December 31, 2023.</p> <p>In accordance with TAS 29, consolidated financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish Lira and, as a result, are expressed in terms of purchasing power of Turkish Lira as of the reporting date.</p> <p>In accordance with the guidance in TAS 29, the Group utilised the Turkey consumer price indices to prepare inflation adjusted financial statements. The principles applied for inflation adjustment is explained in Note 2.1.</p> <p>Given the significance of the impact of TAS 29 on the reported result and financial position of the Group, we have assessed the hyperinflation accounting as a key audit matter.</p>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none">- We inquired management responsible for financial reporting on the principles, which they have considered during the application of TAS 29, identification of non-monetary accounts and tested TAS 29 models designed,- We have tested the inputs and indices used, to ensure completeness and accuracy of the calculations,- We have audited the restatements of corresponding figures as required by TAS 29,- We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with TAS 29.

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 17 April 2024.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2023 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Seda Akkuş Tecer.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

A member firm of Ernst & Young Global Limited

Seda Akkuş Tecer, SMMM

Partner

17 April 2024

İstanbul, Türkiye

Consolidated Financial Statements, Independent Auditor's Report and Footnotes

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

17 April 2024

This report contains 8 pages of "Independent Auditor's Report" and 118 pages of financial statements and explanatory notes.

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

Table of contents	Page
Consolidated statement of financial position	1-3
Consolidated statement of profit or loss	4
Consolidated statement of other comprehensive income	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7-8
Notes to the consolidated financial statements	
Note 1 Reporting entity	9-12
Note 2 Basis of presentation of financial statements	12-45
Note 3 Segment reporting	45-47
Note 4 Cash and cash equivalents	48
Note 5 Financial liabilities	49-52
Note 6 Trade receivables from and payables to third parties	53-54
Note 7 Right of use assets	55
Note 8 Due from and due to related parties	55-58
Note 9 Other receivables and payables	59-60
Note 10 Inventories	60
Note 11 Deferred tax assets and liabilities	60-62
Note 12 Other current assets, other liabilities and employee benefit obligations	62
Note 13 Prepaid expenses and deferred revenues	63
Note 14 Financial investments	64
Note 15 Derivative financial instruments	64-70
Note 16 Goodwill	71
Note 17 Assets held for sale	71
Note 18 Investment property	72
Note 19 Property, plant and equipment	73-75
Note 20 Intangible assets	76-78
Note 21 Provisions	79-82
Note 22 Paid in capital, reserves and retained earnings	83-87
Note 23 Commitments and contingencies	88-102
Note 24 Supplementary cash flow information	103
Note 25 Subsequent events	103
Note 26 Revenue	103
Note 27 Operating expenses	104
Note 28 Expenses by nature	104
Note 29 Other operating income / (expense)	105
Note 30 Income / (expense) from investing activities	105
Note 31 Financial income / (expense)	106
Note 32 Taxation	106-108
Note 33 Financial risk management objectives and policies	109-118
Note 34 Independent audit fees and other fees related services received from independent audit firm	118

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
Assets			
Total current assets		48.237.767	43.941.055
Cash and cash equivalents	4	13.591.009	8.444.446
Financial investments	14	7.828.281	8.042.306
Trade receivables			
- Trade receivables due from related parties	8	630.502	837.803
- Trade receivables due from unrelated parties	6	12.711.339	13.593.326
Receivables from finance sector activities			
- Receivables from finance sector activities due from unrelated parties		38.429	–
Other receivables			
- Other receivables due from unrelated parties	9	261.062	259.390
Contract assets			
- Contract assets from sale of goods and service contracts	6	3.561.797	2.298.712
Derivative financial assets			
- Derivative financial assets held for trading	15	439.541	385.069
- Derivative financial assets held for hedging	15	4.136.773	6.194.221
Inventories	10	1.323.732	1.396.645
Prepayments			
- Prepayments to unrelated parties	13	1.104.417	859.963
Current tax assets		175.235	15.798
Other current assets			
- Other current assets due from unrelated parties	12	1.977.016	1.154.742
Subtotal		47.779.133	43.482.421
Non-current assets classified as held for sale	17	458.634	458.634
Total non-current assets		146.483.111	143.363.008
Financial investments			
- Other financial investments	14	174.914	72.119
Trade receivables			
- Trade receivables due from unrelated parties	6	243.525	306.016
Other receivables			
- Other receivables due from unrelated parties	9	78.528	121.863
Contract assets			
- Contract assets from sale of goods and service contracts	6	21.823	58.987
Derivative financial assets			
- Derivative financial assets held for trading	15	–	147.203
Right of use assets	7	5.583.182	5.882.876
Investment property	18	102.229	120.115
Property, plant and equipment			
- Land and premises	19	26.602.587	22.884.371
- Buildings	19	2.713.796	3.308.943
- Machinery and equipments	19	41.116.587	44.083.047
- Other property, plant and equipment	19	5.554.963	5.518.463
Intangible assets			
- Goodwill	16	486.585	486.585
- Rights regarding concession agreements	20	22.548.849	20.540.580
- Concession agreements assets	20	2.739.084	6.364.931
- Licences	20	11.661.139	14.288.353
- Other intangible assets	20	17.914.162	17.069.446
Prepayments			
- Prepayments to unrelated parties	13	143.866	389.615
Deferred tax asset	11	8.797.176	1.719.453
Other non-current assets			
- Other non-current assets due from unrelated parties		116	42
Total assets		194.720.878	187.304.063

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

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
Liabilities			
Total current liabilities		56.574.989	43.747.980
Financial liabilities			
Financial liabilities from related parties			
- Bank loans	5,8	2.439.417	2.235.565
Financial liabilities from unrelated parties			
- Bank loans	5	8.155.190	7.841.329
- Lease liabilities	5	135.781	7.260
- Issued debt instruments	5	2.659.932	2.424.919
Current portion of long term financial liabilities			
Current portion of long term financial liabilities from unrelated parties			
- Bank loans	5	5.455.952	6.315.922
- Lease liabilities	5	743.316	1.026.239
- Issued debt instruments	5	13.789.120	446.034
Trade payables			
- Trade payables to related parties	8	208.760	319.579
- Trade payables to unrelated parties	6	13.890.288	15.320.861
Employee benefit obligations	12	1.527.557	996.100
Other payables			
- Other payables to unrelated parties	9	3.233.375	2.990.004
Derivative financial liabilities			
- Derivative financial liabilities held for trading	15	117.424	233.198
- Derivative financial liabilities held for hedging	15	21	—
Contract liabilities			
- Contract liabilities from sale of goods and service contracts	13	2.112.344	1.924.872
Current tax liabilities	32	17.468	111.261
Current provisions			
- Current provisions for employee benefits	21	1.267.909	938.225
- Other current provisions	21	336.749	330.256
Other current liabilities			
- Other current liabilities to unrelated parties	12	484.386	286.356
Total non-current liabilities		39.855.675	62.766.690
Long term financial liabilities			
Long term financial liabilities from unrelated parties			
- Bank loans	5	17.459.810	18.787.871
- Lease liabilities	5	1.002.624	1.470.419
- Issued debt instruments	5	14.038.315	28.517.831
Other payables			
- Other payables to unrelated parties	9	95.922	95.774
Contract liabilities			
- Contract liabilities from sale of goods and service contracts	13	2.964.683	3.309.220
Non-current provisions			
- Non-current provisions for employee benefits	21	4.057.307	4.028.859
- Other non-current provisions	21	10.628	17.510
Deferred tax liabilities	11	226.386	6.539.206
Total liabilities		96.430.664	106.514.670

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

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
Equity		98.290.214	80.789.393
Equity attributable to equity holders of the parent			
Issued capital	22	3.500.000	3.500.000
Inflation adjustments on capital	22	49.741.173	49.741.173
Repurchased shares (-)		(14.593)	—
Other accumulated comprehensive income / (loss) that will not be reclassified in profit or loss			
Gains / (losses) on revaluation and remeasurement			
- Losses on remeasurements of defined benefit plans	22	(2.631.604)	(1.452.594)
- Increases on revaluation of property, plant and equipment	22	5.800.935	3.420.279
Gains due to change in fair value of financial liability attributable to change in credit risk of liability	22	27.783	161.542
Other accumulated comprehensive income / (loss) that will be reclassified in profit or loss			
Gains / (losses) on hedges			
- Gains on cash flow hedges	22	3.430.254	3.570.233
- Losses on hedges of net investment in foreign operations	22	(5.576.981)	(3.958.535)
Change in value of time value of options	22	(7.784.036)	(9.523.264)
Exchange differences on translation	22	3.223.235	3.178.063
Restricted reserves appropriated from profits		2.920.660	2.718.878
Retained earnings		29.231.836	22.524.050
Profit for the year		16.421.552	6.909.568
Total liabilities and equity		194.720.878	187.304.063

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

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

		Current Period	Prior Period
		Audited	Audited
		1 January -	1 January -
	Notes	31 December 2023	31 December 2022
Revenue	3, 26	100.184.658	91.400.927
Cost of sales (-)	28	(78.315.943)	(70.387.137)
Gross profit		21.868.715	21.013.790
General administrative expenses (-)	27	(13.021.833)	(11.305.910)
Marketing, sales and distribution expenses (-)	27	(10.383.129)	(9.017.485)
Research and development expenses (-)	27	(1.295.092)	(967.520)
Other operating income	29	3.075.295	1.473.276
Other operating expense (-)	29	(5.102.208)	(2.555.364)
Operating loss		(4.858.252)	(1.359.213)
Impairment gains / losses and reversals of impairment losses determined in accordance with IFRS 9, net		(386.532)	(366.013)
Investment activity income	30	4.679.691	5.067.928
Investment activity expenses (-)	30	(47.457)	(136.056)
Profit / (loss) before financing expense		(612.550)	3.206.646
Finance income	31	12.098.239	6.650.909
Finance costs (-)	31	(31.623.866)	(25.818.982)
Monetary gain / (loss)		23.568.411	23.504.920
Profit before tax	3	3.430.234	7.543.493
Tax (expense) / income			
- Current period tax expense	32	(271.726)	(688.293)
- Deferred tax income	11, 32	13.263.044	54.368
Profit for the year		16.421.552	6.909.568
Earnings per shares attributable to equity holders of the parent (in full Kuruş)	22	4,6919	1,9742
Earnings per diluted shares attributable to equity holders of the parent (in full Kuruş)	22	4,6919	1,9742

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

(Convenience translation of a report and financial statements originally issued in Turkish)
TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

		Current Period	Prior Period
		Audited	Audited
		1 January -	1 January -
	Notes	31 December 2023	31 December 2022
Profit for the period		16.421.552	6.909.568
Other comprehensive income:			
Other comprehensive income that will not be reclassified to profit or loss		1.067.887	1.922.071
Gain from revaluation of property, plant and equipments, net	19	3.339.302	3.800.309
Losses on remeasurements of defined benefit plans	21	(1.561.489)	(1.809.800)
Change in fair value of financial liability attributable to change in credit risk of liability		(178.345)	(57.018)
Tax effect of other comprehensive income items not to be reclassified to profit or loss			
-Taxes relating to remeasurements of defined benefit plans		382.479	357.206
-Tax effect of revaluation of property, plant and equipment		(958.646)	(380.030)
-Taxes relating to change in fair value of financial liability attributable to change in credit risk of liability		44.586	11.404
Other comprehensive income that will be reclassified to profit or loss		25.975	1.441.072
Exchange differences on translation		45.172	(435.563)
Gains / (losses) on cash flow hedges		(186.638)	1.497.557
(Losses) on hedges of net investments in foreign operations		(2.157.928)	(1.033.503)
Gains / (losses) on change in value of time value of options		2.318.972	1.881.739
Tax effect on other comprehensive income items to be reclassified to profit or loss			
-Taxes relating to cash flow hedges		46.659	(299.511)
-Taxes relating to losses on hedges of net investments in foreign operations		539.482	206.700
-Taxes relating to change in value of time value of options of other comprehensive (loss) / income		(579.744)	(376.347)
Other comprehensive income		1.093.862	3.363.143
Total comprehensive income		17.515.414	10.272.711

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

(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 YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

		Other accumulated comprehensive income / (loss) that will not be reclassified in profit or loss				Other accumulated comprehensive income / (loss) that will be reclassified in profit or loss					Retained earnings / (losses)			
			Gains / (losses) on revaluation and remeasurement			Gains / (losses) on hedge								
	Issued capital	Inflation adjustments on capital	Repurchased shares (-)	Increases on revaluation of property, plant and equipment	Losses on remeasurements of defined benefit plans	Gains / (losses) due to change in fair value of financial liability attributable to change in credit risk of liability	Losses on hedges of net investment in foreign operations	Gains / (losses) on cash flow hedges	Change in value of time value of options	Exchange differences on translation	Restricted reserves appropriated from profits	Retained Earnings	Profit for the year	Total equity
Balance at 1 January 2022	3,500.000	49,741.173	–	–	–	207.156	(3,131.732)	2,372.187	(11,028.656)	3,613.626	29,745.307	5,638.464	–	80,657.525
Transfers	–	–	–	–	–	–	–	–	–	–	(16,885.586)	16,885.586	–	–
Total comprehensive income	–	–	–	3,420.279	(1,452.594)	(45.614)	(826.803)	1,198.046	1,505.392	(435.563)	–	–	6,909.568	10,272.711
Profit for period	–	–	–	–	–	–	–	–	–	–	–	–	6,909.568	6,909.568
Other comprehensive income	–	–	–	3,420.279	(1,452.594)	(45.614)	(826.803)	1,198.046	1,505.392	(435.563)	–	–	–	3,363.143
Dividends paid (Note 22)	–	–	–	–	–	–	–	–	–	–	(10,140.843)	–	–	(10,140.843)
Balance at 31 December 2022	3,500.000	49,741.173	–	3,420.279	(1,452.594)	161.542	(3,958.535)	3,570.233	(9,523.264)	3,178.063	2,718.878	22,524.050	6,909.568	80,789.393
Balance at 1 January 2023	3,500.000	49,741.173	–	3,420.279	(1,452.594)	161.542	(3,958.535)	3,570.233	(9,523.264)	3,178.063	2,718.878	22,524.050	6,909.568	80,789.393
Transfers	–	–	–	–	–	–	–	–	–	–	187.189	6,722.379	(6,909.568)	–
Total comprehensive income	–	–	–	2,380.656	(1,179.010)	(133.759)	(1,618.446)	(139.979)	1,739.228	45.172	–	–	16,421.552	17,515.414
Profit for period	–	–	–	–	–	–	–	–	–	–	–	–	16,421.552	16,421.552
Other comprehensive income	–	–	–	2,380.656	(1,179.010)	(133.759)	(1,618.446)	(139.979)	1,739.228	45.172	–	–	–	1,093.862
Increase / (decrease) due to share repurchased transactions	–	–	(14.593)	–	–	–	–	–	–	–	14.593	(14.593)	–	(14.593)
Balance at 31 December 2023	3,500.000	49,741.173	(14.593)	5,800.935	(2,631.604)	27.783	(5,576.981)	3,430.254	(7,784.036)	3,223.235	2,920.660	29,231.836	16,421.552	98,290.214

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

		Current Period	Prior Period
		Audited	Audited
	Notes	1 January - 31 December 2023	1 January - 31 December 2022
Net profit for the period:		16.421.552	6.909.568
Adjustments to reconcile profit:			
Adjustments for depreciation and amortisation expense	28	35.477.069	32.668.971
Adjustments for impairment loss / (reversal of impairment loss)			
- Adjustments for impairment loss of receivables		410.143	387.445
- Adjustments for impairment loss of inventories		(1.831)	(2.224)
- Adjustments for impairment loss of property, plant and equipment	28	10.915	1.830.223
- Other adjustments for impairment loss (reversal of impairment loss)		(23.612)	17.695
Adjustments for provisions			
- Adjustments for (reversal of) provisions related with employee benefits	21	3.139.641	2.115.072
- Adjustments for (reversal of) lawsuit and/or penalty provisions	21	272.250	152.003
Adjustments for interest expenses and income			
- Adjustments for interest income		(2.386.444)	(997.718)
- Adjustments for interest expense		6.806.815	6.201.087
- Deferred financial expenses from credit purchases		334.134	129.675
Adjustments for unrealised foreign exchange losses		17.867.810	16.771.845
Adjustments for fair value losses / (gains)			
- Adjustments for fair value (gains) / losses on derivative financial instruments		678.397	312.742
- Adjustments for fair value losses / (gains) of issued financial instruments		271.251	(1.096.111)
- Adjustments for fair value losses / (gains) of financial assets		(4.046.053)	(2.790.426)
Adjustments for tax expense / (income)	32	(12.991.318)	633.925
Adjustments for losses / (gains) on disposal of tangible assets			
- Adjustments for gains arises from sale of tangible assets	30	(496.273)	(2.141.446)
Adjustments for losses / (gains) on disposal of subsidiaries		(89.908)	-
Other adjustments for which cash effects are investing or financing cash flow		418.437	382.827
Monetary gain / (loss)		(24.030.104)	(20.903.538)
Other adjustments for non-cash items	24	(800.576)	(674.159)
Operating profit before working capital changes		37.242.295	39.907.456
Changes in working capital:			
Adjustments for (increase) / decrease in trade receivables			
- (Increase) / decrease in trade receivables from related parties		207.301	(691.992)
- (Increase) / decrease in trade receivables from unrelated parties		(3.664.795)	(445.803)
Adjustments for (increase) / decrease in inventories		74.744	41.177
Adjustments for increase / (decrease) in trade payable			
- Increase / (decrease) in trade payables to related parties		(110.819)	332.828
- Increase / (decrease) in trade payables to unrelated parties		(1.387.521)	(5.461.627)
Adjustments for (increase) / decrease in other receivables related with operations			
- (Increase) / decrease in other unrelated party receivables related with operations		(745.360)	340.960
Adjustments for increase / (decrease) in other operating payables related with operations			
- Increase / (decrease) in other payables related with operations to unrelated parties		153.770	(343.283)
Cash flow from operations:			
Interest received		309.694	457.008
Payments related with provisions for employee benefits	21	(2.229.860)	(1.341.024)
Payments related with other provisions	21	(106.411)	(200.941)
Income taxes paid		(366.718)	(1.152.646)
Other outflows of cash	24	(202.571)	449.166
Net cash generated from operating activities		29.173.749	31.891.279

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

		Current Period	Prior Period
		Audited	Audited
		1 January -	1 January -
	<i>Notes</i>	31 December 2023	31 December 2022
Cash flows used in investing activities:			
Cash outflows arising from capital advance payments to associates and/or joint ventures		(125.299)	(21.827)
Proceeds from sale of property, plant, equipment and intangible assets			
- <i>Proceeds from sales of property, plant and equipment</i>		629.393	2.619.667
Purchases of property, plant, equipment and intangible assets			
- <i>Purchase of property, plant and equipment</i>		(12.420.675)	(12.409.998)
- <i>Purchase of intangible assets</i>		(13.283.108)	(11.565.681)
Cash outflows arising from acquisition of shares or debt instruments of other businesses or funds		(12.044.915)	(11.805.744)
Cash inflows arising from acquisition of shares or debt instruments of other businesses or funds		12.219.257	4.036.357
Net cash used in investing activities		(25.025.347)	(29.147.226)
Cash flows from financing activities:			
Proceed from borrowings			
- <i>Proceeds from loans</i>		32.975.635	18.007.709
- <i>Cash inflows from issued debt instruments</i>	24	4.447.821	4.172.129
Repayments of borrowings			
- <i>Loan repayments</i>		(29.676.789)	(15.005.361)
- <i>Payment of issued of debt instruments</i>		(3.545.178)	(2.688.329)
Payments of lease liabilities, net	24	(2.311.448)	(2.554.653)
Cash inflows / (outflows) from derivative instruments, net	24	8.682.017	6.227.084
Dividends paid	22	-	(10.140.842)
Interest paid		(4.804.407)	(4.464.885)
Interest received		2.076.750	540.711
Cash outflows from the business' own acquisition of shares		(14.593)	-
Other cash (outflows) / inflows	24	(1.094.058)	(825.641)
Net cash used in financing activities		6.735.750	(6.732.078)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES			
		10.884.152	(3.988.025)
IMPACT OF MONETARY GAIN/LOSS ON CASH AND CASH EQUIVALENTS			
		(6.523.404)	(7.687.964)
IMPACT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS			
		499.338	190.589
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
		5.688.418	17.173.818
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	10.548.504	5.688.418

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

1. REPORTING ENTITY

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

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

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

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

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

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

Following the signing of the share transfer agreement stated in the aforementioned explanations, the Company was informed that as of 31 December 2023, all of the A Group shares, which constitute 55% of the Company’s capital, were transferred to TWF in accordance with Article 198 of the Turkish Commercial Code. Based on this notification, TWF was registered as a new shareholder in the Company’s share book in accordance with Article 499 of the Turkish Commercial Code.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

1. REPORTING ENTITY (CONTINUED)

As at 31 December 2023, the parent company and controlling party of the Company is Turkish Wealth Fund. A concession agreement (“the Concession Agreement”) was signed by the Company and Turkish Telecommunication Authority (now named the Information and Communication Technologies Authority (“ICTA”) as at 14 November 2005. The Concession Agreement covers the provision of all kinds of telecommunication services, establishment of necessary telecommunications facilities and the use of such facilities by other licensed operators and the marketing and supply of telecommunication services for 25 years starting from 28 February 2001. The Concession Agreement will terminate on 28 February 2026 and in the conditions where the Concession Agreement is expired or not renewed, the Company shall transfer all equipment that affects the operation of its systems in full working order and the real estates in its use where these equipment are deployed to the ICTA or to an institution designated by the ICTA.

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

1. REPORTING ENTITY (CONTINUED)

The details of the Company's subsidiaries as at 31 December 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 December 2023	31 December 2022
TTNet Anonim Şirketi ("TTNet")	Turkey	Internet service provider	Turkish Lira	100	100
TT Mobil İletişim Hizmetleri A.Ş. ("TT Mobil")	Turkey	GSM operator	Turkish Lira	100	100
Argela Yazılım ve Bilişim Teknolojileri Sanayi ve Ticaret Anonim Şirketi ("Argela")	Turkey	Telecommunication solutions	Turkish Lira	100	100
Innova Bilişim Çözümleri Anonim Şirketi ("Innova")	Turkey	Telecommunication solutions	Turkish Lira	100	100
Assist Rehberlik ve Müşteri Hizmetleri Anonim Şirketi ("AssisTT")	Turkey	Call center and customer relations	Turkish Lira	100	100
Sebit Eğitim ve Bilgi Teknolojileri A.Ş. ("Sebit")	Turkey	Web Based Learning	Turkish Lira	100	100
NETSIA Inc.	USA	Telecommunications solutions	U.S. Dollar	100	100
Sebit LLC	USA	Web based learning	U.S. Dollar	100	100
TT International Holding B.V. ("TT International") (*)	Netherlands	Holding company	Euro	100	100
Türk Telekom International AT GmbH (*) (**)	Austria	Internet/data services, infrastructure and wholesale voice services provider	Euro	-	100
Türk Telekom International Hu Kft (TTINT Hungary) (*)	Hungary	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
S.C. Euroweb Romania S.A. ("TTINT Romania") (*)	Romania	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International Bulgaria EOOD ("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
Türk Telekom International d.o.o. (*)	Croatia	Internet/data services, infrastructure and wholesale voice services provider	Euro	100	100
Türk Telekom International HK Limited (*)	Hong Kong	Internet/data services, infrastructure and wholesale voice services provider	H.K. Dollar	100	100
Net Ekran TV ve Medya Hiz. A.Ş. ("Net Ekran")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
TTES Elektrik Tedarik Satış A.Ş. ("TTES")	Turkey	Electrical energy trading	Turkish Lira	100	100
TT Ödeme ve Elektronik Para Hizmetleri A.Ş.	Turkey	Mobile finance	Turkish Lira	100	100
Net Ekran1 TV ve Medya Hiz. A.Ş. ("Net Ekran1")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran2 TV ve Medya Hiz. A.Ş. ("Net Ekran2")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran3 TV ve Medya Hiz. A.Ş. ("Net Ekran3")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran4 TV ve Medya Hiz. A.Ş. ("Net Ekran4")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran6 TV ve Medya Hiz. A.Ş. ("Net Ekran6")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran10 TV ve Medya Hiz. A.Ş. ("Net Ekran10")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
Net Ekran11 TV ve Medya Hiz. A.Ş. ("Net Ekran11")	Turkey	Television and radio broadcasting	Turkish Lira	100	100
TT Satış ve Dağıtım Hizmetleri Anonim Şirketi	Turkey	Selling and distribution services	Turkish Lira	100	100
TT Ventures Proje Geliştirme A.Ş.	Turkey	Corporate venture capital	Turkish Lira	100	100
TT Destek Hizmetleri A.Ş.	Turkey	Provider of combined facilities support activities	Turkish Lira	100	100
APPYAP Teknoloji ve Bilişim A.Ş.	Turkey	Web portal and computer programming activities	Turkish Lira	100	100
TTG Finansal Teknolojiler A.Ş.	Turkey	Financial advisory services	Turkish Lira	100	100
TTG Ventures Marketing Inc.	USA	Retail and wholesale trade of software programs	U.S. Dollar	100	100
Assist Holland B.V.	Netherlands	Call center activities	Euro	100	100
TT Finansman A.Ş.	Turkey	Consumer finance company activities	Turkish Lira	100	100

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

(**) The liquidation process was completed as of 22 September 2023.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

1. REPORTING ENTITY (CONTINUED)

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

				Effective ownership of the Company (%)	
Name of Joint Operation	Place of incorporation and operation	Principal activity	Functional Currency	31 December 2023	31 December 2022
TT Mobil-Vodafone Evrensel İş Ortaklığı	Turkey	Internet/data services, infrastructure and wholesale voice services provider	Turkish Lira	51	51
				Effective ownership of the Company (%)	
Name of Affiliate	Place of incorporation and operation	Principal activity	Functional Currency	31 December 2023	31 December 2022
TT Ventures Girişim Sermayesi Yatırım Fonu	Turkey	Telecommunications Infrastructure and bandwidth Provider	Turkish Lira	100	–

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

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

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

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

The number of personnel subject to collective agreement as at 31 December 2023 is 8.886 (31 December 2022: 9.406) and the number of personnel not subject to collective agreement as at 31 December 2023 is 28.379 (31 December 2022: 28.232). The total number of personnel as at 31 December 2023 and 31 December 2022 are 37.265 and 37.638, respectively.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation of the consolidated financial statements

a) Statement of compliance with TAS

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

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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

a) Statement of compliance with TAS (continued)

Approval of the financial statements:

The consolidated financial statements are approved by the Company's Board of Directors on 17 April 2024.

b) Correction of financial statements during the hyperinflationary periods

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 31 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of December 31, 2022, on the purchasing power basis as of 31 December 2023.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of December 31, 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

The table below shows the evolution of CPI in the last three years and as of 31 December 2023:

Year End	Index	Index (%)	Conversion Factor
2004	113,86	13,86	16,33041
2005	122,65	7,72	15,16005
2006	134,49	9,65	13,82541
2007	145,77	8,39	12,75557
2008	160,44	10,06	11,58925
2009	170,91	6,53	10,87929
2010	181,85	6,40	10,22480
2011	200,85	10,45	9,25756
2012	213,23	6,16	8,72007
2013	229,01	7,40	8,11921
2014	247,72	8,17	7,50597
2015	269,54	8,81	6,89835
2016	292,54	8,53	6,35599
2017	327,41	11,92	5,67906
2018	393,88	20,30	4,72068
2019	440,50	11,84	4,22107
2020	504,81	14,60	3,68333
2021	686,95	36,08	2,70672
2022	1128,45	64,27	1,64773

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

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

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

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

The application of TAS 29 results in an adjustment for the loss of purchasing power of the Turkish lira presented in Net Monetary Position Gains (Losses) item in the profit or loss section of the statement of profit or loss and comprehensive income. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non monetary items, owners' equity and items in the statement of profit or loss and other comprehensive income and the adjustment of index linked assets and liabilities.

In addition, in the first reporting period in which TAS 29 is applied, the requirements of the Standard are applied as if the economy had always been hyperinflationary. Therefore, the statement of financial position at the beginning of the earliest comparative period, i.e as of 1 January 2022, was restated as the base of all subsequent reporting. Restated retained earnings/losses in the statement of financial position as of 1 January 2022 was derived as balancing figure in the restated statement of financial position. The financial statements of subsidiaries whose functional currencies are not in the hyperinflationary economy are subject to IAS 21. In this context, TAS 29 has been applied only to subsidiaries resident in Turkey, and other subsidiaries and affiliates have been evaluated and accounted within the scope of TAS 21.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Basis of consolidation

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the property, plant and equipment other than lands and investment property acquisitions prior to 1 January 2000 for which the deemed cost method was applied in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies”, lands, derivative financial instruments, issued debt instruments which have been measured at fair value through profit or loss. Investment properties and tangible assets other than lands which are recognized with deemed cost method are valued with fair values as of 1 January 2000, lands accounted as property, plant and equipment, derivative financial instruments and issued debt instruments which have been measured at fair value through profit or loss, are valued with fair values as of balance sheet date. The methods used in fair value measurement are also specified in note 20 and note 33.

d) Functional and presentation currency

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

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

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

The accompanying financial statements include the accounts of the parent company Türk Telekom; its subsidiaries and joint operation. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

a) Subsidiaries

As at 31 December 2023, the consolidated financial statements include the financial results of Türk Telekom and its subsidiaries that the Group has control over its financial and operational policies which are listed at Note 1.

Control is normally evidenced when the Company controls an investee if and only if the Company has all the following; a) power over the investee b) exposure, or rights, to variable returns from its involvement in the investee and c) the ability to use its power over the investee to affect the amount of company’s returns. The results of subsidiaries acquired are included in the consolidated statements of income from the effective date of acquisition as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and events and are prepared with the same chart of accounts of the Company.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Basis of consolidation (continued)

b) Business combinations

From 1 January 2010 the Group has applied revised TFRS 3 “Business Combinations” standard. The change in accounting policy has been applied prospectively and had no effect on business combinations completed during prior periods.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquirer.

The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to former owners of the entity and the equity interests issued by the Group. When the agreement with the seller includes a clause that the consideration transferred could be adjusted for future events, the acquisition-date fair value of this contingent consideration is included in the cost of the acquisition. All transaction costs incurred by the Group have been recognized in general administrative expenses.

For each business combination, the Group elects whether it measures the non-controlling interest in the acquirer either at fair value or at the proportionate share of the acquirer’s identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

Acquisition method requires allocation of the acquisition cost to the assets acquired and liabilities assumed at their fair values on the date of acquisition.

Acquired assets and liabilities and contingent liabilities assumed according to TFRS 3 are recognized at fair values on the date of the acquisition. Acquired company is consolidated starting from the date of acquisition.

If the fair values of the acquired identifiable assets, liabilities and contingent liabilities or cost of the acquisition are based on provisional assessment as at the balance sheet date, the Group made provisional accounting.

c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Basis of consolidation (continued)

d) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Group entities at the exchange rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at reporting date are translated to the functional currency at the exchange rate ruling at the date. Foreign currency differences arising on translation of foreign currency transactions are recognized in the income statement, except for differences arising on qualifying cash flow hedges to the extent the hedge is effective, which are recognized in other comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to reporting currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to reporting currency at average exchange rates in the related periods.

Foreign currency differences are recognized in other comprehensive income and presented in the foreign currency translation reserve in equity.

The Group entities use USD, EUR or TL, as functional currency since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group entities and reflect the economic substances of the underlying events and circumstances relevant to these entities. All currencies other than the functional currency selected for measuring items in the financial statements are treated as foreign currencies.

Accordingly, transactions and balances not already measured in the functional currency have been remeasured to the related functional currencies. The Group uses TL as the reporting currency.

The financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated to the unit of currency effective at the reporting date until 1 January 2005. As stated above, with the resolution dated 17 March 2005 to end the hyperinflation accounting for the periods starting after 31 December 2004, TL is not assessed as a currency of a hyperinflationary economy effective from 1 January 2005.

The foreign currency exchange rates as of the related periods are as follows:

	Average		Period end buying		Period end selling	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
EUR / TL	25,6852	17,3642	32,5739	19,9349	32,6326	19,9708
USD / TL	23,74821	16,5512	29,4382	18,6983	29,4913	18,7320

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Basis of consolidation (continued)

d) Foreign currency (continued)

iii) Hedge of net investment in a foreign operation

The Company acquires foreign currency bank loans in order to hedge its net investment in a foreign operation. Foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan is reclassified to other comprehensive income. Foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan reclassified to other comprehensive income will be transferred to profit and loss in case of disposal. Tax effects of foreign exchange gain and/or loss resulting from the subsidiary's net investment portion of this loan is recognized under other comprehensive income as well.

2.3 Significant accounting policies

a) Financial instruments

i. Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost, FVOCI – equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

This election is made on an investment-by-investment basis. The Group holds 6,84% of shares of Cetel as equity investment and has elected to present changes in fair value of Cetel in other comprehensive income. Cost of Cetel is used as a measure for its fair value since management has insufficient more recent information to measure fair value.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (Note 15) and equity investments measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales.

Financial assets that are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

‘Principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Trade receivables and other receivables meet solely payments of principal and interest test since principal is the present value of the expected cash flows. Those receivables are managed in line with the held to collect business model.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	Financial assets at FVTPL are comprised of derivatives. These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognized in profit or loss.
Financial assets at amortized cost	Financial assets at amortized cost are comprised of cash and cash equivalents, trade receivables, other receivables and other assets. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Equity investments at FVOCI	Equity investments at FVOCI include the Group's 6,84% of share of Cetel. These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash held in cash, deposits held in banks and other liquid investments with maturities of 3 months or less. Cash and cash equivalents used in the reporting of cash flows comprise cash and cash equivalents with a maturity of less than 3 months, excluding accrued interest income and blocked deposits. The Group calculates impairment by using the expected credit loss model in cases where cash and cash equivalents are not impaired for a certain reason. The expected credit loss calculation considers the past experiences of credit losses as well as the Group's forecasts for the future.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Group does not have any financial liabilities at FVTPL except for derivatives and issued debt instruments.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Non-derivative financial liabilities

The Group initially recognized debt securities issued and subordinated liabilities on the date that they were originated. All other financial liabilities were recognized initially on the trade date, which was the date that the Group becomes a party to the contractual provisions of the instrument.

The Group classified non-derivative financial liabilities into the other financial liabilities category except for issued debt instruments. Such financial liabilities were recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities were measured at amortized cost using the effective interest method.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

ii. Classification and subsequent measurement (continued)

Non-derivative financial liabilities (continued)

Other financial liabilities were comprised of loans, trade and other payables, payables to related parties and other payables.

The amount of change in the fair value of the issued debt instruments at FVTPL that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income and the remaining amount of change in the fair value is recognized in profit or loss.

Trade payables were payables to third parties in relation to their capacity as suppliers. Payables stemming from transactions with parties that were not suppliers or customers which were not classified as trade payables and were not a result of financing operations were recognized as other payables.

When a financial instrument gave rise to a contractual obligation on the part of the Group to deliver cash or another financial asset or to exchange another financial instrument under conditions that were potentially unfavourable, it was classified as a financial liability. The instrument was equity instrument if, the following were met:

a) The instrument included no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that were potentially unfavourable to the Group.

b) If the instrument would or might be settled in the Group's own equity instruments, it was a non-derivative that included no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that would be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Borrowing Costs

If financing costs arising from the loans are associated with acquisition or construction of qualifying assets, they are included in cost value of qualifying assets. Qualifying assets refer to assets which require a long time to be available for use or sales as intended. Other borrowing costs are accounted in statement of profit or loss in the period they occur.

iii. Derecognition

Financial assets

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v. Impairment

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- contract assets (as defined in TFRS 15).

Under TFRS 9, loss allowances are measured on either of the following bases:

- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument; and
- 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

v. Impairment (continued)

Financial instruments and contract assets (continued)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

12-month expected credit losses are that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

ECLs are discounted at the effective interest rate of the financial asset.

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years.

Exposures within each group were segmented based on common credit risk characteristics such as delinquency status.

Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables. Future collection performance of receivables are estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

v. Impairment (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of impairment in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss. Impairment losses on other financial assets are presented under ‘general administrative expenses’, similar to the presentation under TAS 39, and not presented separately in the consolidated statement of profit or loss due to materiality considerations.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

vi. Derivative financial instruments

Cash flow hedges

The Group has adopted TFRS 9 *Financial Instruments*, replacing TAS 39 in accordance with the risk management strategy and objectives as of 1 July 2018. The high-level aim of the new hedge accounting model is that financial reporting will reflect more accurately how an entity manages its risk and the extent to which hedging mitigates those risks. Specifically, the new model aims to provide a better link between an entity’s risk management strategy, the rationale for hedging and the impact of hedging on the financial statements.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

a) Financial instruments (continued)

vi. Derivative financial instruments (continued)

Cash flow hedges (continued)

The Group enters into participating cross currency swap transactions in order to hedge the changes in cash flows of floating and fixed rate financial instruments. While applying cash flow hedge accounting, the effective portion of the changes in the fair value of the hedging instrument is accounted for under “other comprehensive income/expense items to be reclassified to profit or loss” in equity, and the ineffective portion is recognized in profit or loss. The changes recognized in equity is removed and included in profit or loss in the same period when the hedged cash flows effect the profit or loss. In addition, time value of options included in participating cross currency swaps are accounted for cost of hedging and recognized under other comprehensive income.

Under IFRS 9, a hedging relationship is discontinued in its entirety when as a whole it ceases to meet the qualifying criteria after considering the rebalancing of the hedging relationship. Voluntary discontinuation when the qualifying criteria are met is prohibited. Hedge accounting is discontinued when the risk management objective for the hedging relationship has changed, the hedging instrument expires or is sold, terminated or exercised, and there is no longer an economic relationship between the hedged item and hedging instrument or when the effect of credit risk starts dominating the value changes that result from the economic relationship.

When the Group discontinues hedge accounting for a cash flow hedge it shall account for the amount that has been accumulated in the cash flow hedge reserve in accordance as follows;

-if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve until the future cash flows occur.

-if the hedged future cash flows are no longer expected to occur, that amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment. A hedged future cash flow that is no longer highly probable to occur may still be expected to occur. The amount recognized in OCI prior discontinuation will be reclassified from OCI to Profit and Loss, in accordance with the contractual cash flow of the hedged item.

The new hedge effectiveness testing model is prospective only and can be qualitative, depending on the complexity of the hedge. Effectiveness range 80%-125% in TAS 39 is replaced by an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relation.

b) Property, plant and equipment

i) Recognition and measurement

Property, plant and equipment (“PPE”) of the Group other than lands is carried at cost less accumulated depreciation and any accumulated impairment losses. The Group elected to measure property, plant and equipment of the Company on a deemed cost basis in the first period of application of TAS 29 “Financial Reporting in Hyper Inflationary Economy” since detailed records of the acquisition date and costs of items of PPE were not available for the Company prior to 1 January 2000.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

b) Property, plant and equipment (continued)

The deemed cost values for buildings as at 1 January 2000 were appraised by CMB licensed real-estate valuation companies. The network equipment and vehicles values were appraised by Detecon International GmbH (a subsidiary of Deutsche Telecom AG). Other than the PPE for which cost was determined on a deemed cost basis, the cost of PPE generally comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. PPE that are recognized at deemed cost basis or at cost are restated for the effects of inflation in accordance with TAS 29.

Lands accounted as property, plant and equipment are measured at revalued amount. Revalued amount for lands is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor costs are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of an item of property and equipment are calculated as the difference between the net proceeds from disposal and the carrying amount of the item and are recognized net within “income / (expense) from investing activities” in profit or loss.

ii) Subsequent cost

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in consolidated statement of profit / (loss) as incurred.

iii) Depreciation

Depreciation is calculated effective from purchase or replacement date to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Land is not depreciated.

Useful lives of property, plant and equipment are as follows:

<u>Property plant and equipment</u>	<u>Useful life (years)</u>
Buildings	21-50 years
Outside plant	5-21 years
Transmission equipment	5-21 years
Switching equipment	5-8 years
Data networks	3-10 years
Vehicles	5 years
Furniture and fixtures	3-5 years
Set-top box and satellite receiver	4 years
Other property, plant and equipment	2-8 years

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

b) Property, plant and equipment (continued)

iii) Depreciation (continued)

Useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The remaining useful lives of the PPE of the Company are limited to the concession periods. Considering the Concession Agreement the remaining useful lives of tangible fixed assets are 2,2 years at the most.

Leased assets are depreciated by the same method used for property and equipment over the shorter of the lease term and their useful lives.

c) Intangible assets

i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is included in intangible assets.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Transactions costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is charged to the consolidated income statement during the year when the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or infinite. The Group does not have any intangible assets with infinite useful lives. Intangible assets with finite lives are amortized on a straight line basis over the shorter of their useful economic lives or remaining concession period. Whenever there is an indication that the intangible asset may be impaired it is assessed for impairment. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed each financial year end at least.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

c) Intangible assets (continued)

ii) Other intangible assets (continued)

Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated income statement. The amortization periods for intangible assets are between 3 and 25 years. The remaining useful lives of the intangible items are limited to the concession period. Considering the Concession Agreement, the remaining useful lives of intangible assets are 2,2 years at the most.

iii) Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognized as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Impairment test is performed periodically in order to identify whether there is any impairment in the development stage. After initial recognition, development costs are recognized at cost less amortization and impairment. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Periodic impairment tests are applied to the assets in order to foresee any probable impairment on the assets in the period that they are not ready for utilization yet.

iv) TV contents

Rights to feature contents such as films, TV shows etc. acquired under license agreements along with related obligations are recorded at the contract value when a license agreement is executed or the license period has begun. The amounts recognized are amortized on the licensing period or a per play basis over the licensing period. To the extent that it is determined that the content has no future programming usefulness and will no longer be exploited, the unamortized cost of the content is written off.

d) Investment properties

Investment properties, which are properties held to earn rent and/or for capital appreciation are measured initially at cost plus all direct transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. The Group decided to measure investment property on a deemed cost basis in the first period of application of TAS 29, since detailed records of the acquisition date and costs of items of investment property were not available prior to 1 January 2000 and restated these deemed cost basis for the effects of inflation.

Investment properties are transferred from/to property, plant and equipment when their utilization purpose is changed. When investment properties are disposed, the difference between sales revenue and the carrying amount is charged to the consolidated income statement.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

d) Investment properties (continued)

Market values of the investment properties at 1 January 2000 were determined by CMB licensed independent real-estate appraisers. Following initial recognition, investment properties are carried at costs less any accumulated amortization and any accumulated impairment losses.

Depreciation is charged to investment properties excluding land, over their estimated useful economic lives, using the straight-line method. The useful lives of buildings that are owned by the Group range between 15 - 50 years. The remaining useful life of the investment property is limited by the concession agreement, except for the exception of the concession agreement. When considering the Concession agreement the remaining useful lives of investment property is 2,2 years at the most.

e) Assets held for sale

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or the group of assets held for sale) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable management must be committed to a plan to sell the asset (or the group of assets held for sale) and an active program to set the buyers and complete the plan must have been initiated. Furthermore, the asset (or the group of assets held for sale) must be actively marketed for sale at a price that is reasonable in relation to its fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

In case the period to complete sale of assets is extended due to circumstances which are not under the control of the Group, the assets will continue to be classified as assets held for sale provided that the Group has still an active sales program.

The Group measures assets held for sale at the lower of its carrying amount and fair value less costs to sell. The Group does not depreciate a non-current asset when it is classified as held for sale and the gain or loss arising from the sale of the assets is classified at income / expense from investing activities accounts.

f) Leases

The Group has applied TFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under TAS 17 and TFRS Interpretation 4.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

g) Inventory

Inventories are recognized at the lower of cost and net realizable value. Costs comprise purchase cost and, where applicable and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value is the less marketing, selling and other various expenses to be incurred in order to realize sale.

h) Impairment

Non-financial assets

Property, plant and equipment

At each balance sheet date, the Group assesses whether there is an indication that any of its PPE and intangible assets may be impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized in the consolidated income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated income statement.

Property, plant and equipment (continued)

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Whenever the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the consolidated income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the acquisition, irrespective of whether other assets or liabilities are assigned to these units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units), to which the goodwill relates.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

h) Impairment (continued)

Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amounts of the net assets assigned to the cash-generating unit, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

i) Reserve for employee severance indemnity

Payments to defined contribution retirement benefit plans are charged as an expense in the year in which the contributions relate to. Payments made to the Social Security Institution of Turkey and Turkish Republic Retirement Fund are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the Social Security Institution of Turkey on a mandatory basis.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an employee benefit expense in the period to which the employees' service relates.

For defined benefit plans and other long-term employment benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. The Company recognizes the service cost of the previous period as expense at the earlier of the dates below:

- a) The date of the change or reduction in the plan, and
- b) The date of the recognition of the related restructuring costs (see: TAS 37) or the benefits deriving from the termination of the employment contract,

The retirement benefit obligation recognized in consolidated statement of financial position represents the present value of the defined benefit obligation as adjusted for any unrecognized past service cost. There is no funding requirement for defined benefit plans. The Group recognizes actuarial gains and losses in the other comprehensive income.

j) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

k) Contingent assets and liabilities

Possible assets or obligations that arise from past events and for which their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Group are treated as contingent assets or liabilities. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. If the possibility of transfer of assets is probable, contingent liability is recognized in the financial statements.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

k) Contingent assets and liabilities (continued)

A contingent asset is disclosed in consolidated financial statements, when the possibility of an inflow of economic benefits to the entity is probable. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

l) Related parties

a) Parties are considered related to the Company if a person or a close member of that person's family is related to a reporting entity;
if that person:

- i. Has control or joint control over the reporting entity;
- ii. Has significant influence over the reporting entity; or
- iii. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) The entity and the reporting entity are members of the same group.

- The entity and the company are members of the same group.
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- The entity is controlled or jointly controlled by a person identified in (a).
- A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

m) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or service to a customer.

i) Fixed line revenues

Revenues from fixed-line telecommunication services like network access, local usage, domestic and international long distance and infrastructure leases are recognized on an accrual basis as services are provided.

Connection fees that are assessed as distinct are recognized as revenue. Connection fees for activities that are an improvement to or an extension of the Group's own network, rather than a transfer of goods or services to the customer are determined as not distinct and no separate revenue is recognized.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

m) Revenue (continued)

i) Fixed line revenues (continued)

For distinct connection fees in a bundle, revenue recognized is measured based on their stand-alone selling prices. The stand-alone selling prices of connection fees are estimated based on expected cost plus a margin approach.

Distinct connection fees are immediately recognized as revenue when connection services are provided and the cost of connection is also recognized immediately as an expense.

Revenues from sale of indefeasible right of use contracts, which are long term capacity/line rental arrangements, are accounted over the term of the contract.

ii) Mobile revenues

Revenues generated from mobile telecommunication services such as outgoing and incoming traffic, roaming revenues, revenues from value added services and monthly fees which are recognized at the time services are rendered. With respect to prepaid outgoing revenues, the Group generally collects cash in advance by selling scratch cards to dealers and distributors. In such cases, the Group does not recognize revenues until the subscribers use the service and present such amounts under deferred revenues in the consolidated financial statements.

The Group recognizes content revenue based on the agreement between the Group and the content providers. As the Group is the primary obligor of the service, the revenue received from the subscribers is presented on gross basis and the portion paid to the content providers is recognized as operating expense.

iii) Equipment sale revenues

Revenues from sales of phone device, modem and other network equipment are recorded as revenue when control over a product or service is transferred to a customer.

For bundled packages, the Group accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it either on its own or together with other resources that are readily available to the customer. The consideration is allocated between distinct products and services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the list prices at which the Group sells those products and services separately. For items that are not sold separately the Group estimates stand-alone selling prices using the expected cost plus a margin approach. Equipment revenues are presented in other revenues. Cost of products and services are recognized as expense when related revenue is recognized.

iv) TV revenues

Revenues from TV subscriptions are charged to contract customers on a monthly basis. Revenues are invoiced and recorded as part of a periodic billing cycle, and are recognized as the services are provided. Pay-per-view revenue is recognized when the movie is rented. Advertising revenue is recognized as the commercials are aired.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

m) Revenue (continued)

v) Subscriber acquisition costs

Subscriber acquisition costs include commissions and premiums incurred for acquisition and retention of subscribers.

The Group capitalizes these commission and premiums as incremental costs of obtaining a contract with a customer and if they are expected to be recovered.

Subscriber acquisition costs are amortized consistently during the subscriber life cycle and subscriber retention costs are amortized consistently during the renewal period and amortization expense is recognized in marketing, sales and distribution expenses.

vi) Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration for the time value of money if that contract contains a significant financing component. Significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer.

Indefeasible right of use (“IRU”) contracts of the Group are adjusted for significant financing component. For bundled contracts where the control of equipment is transferred to the customer upfront but collection is made in instalments, no significant financing component is recognized based on materiality considerations.

n) Income from investing activities and expense from investing activities

Income from investing activities are comprised of incomes from scrap and property, plant and equipment sales.

Expense from investing activities are comprised of loss on sales of property, plant and equipment sales.

o) Financial income and financial expenses

The Group’s finance income and finance costs include:

- interest income;
- interest expense;
- transaction cost;
- coupon payments of bond;
- gains and losses on hedging instruments recognized in profit or loss;
- foreign currency gains or losses on financial assets and financial liabilities.

Interest income or expense is recognized using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

o) Financial income and financial expenses (continued)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that cannot be matched with acquisition, construction or production of an asset are recognized in profit or loss by using effective interest rate.

Rediscount, interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

Accounting for significant financing component is disclosed in detail in Note 2.4.(m).

p) Earnings per share

Earnings per share is calculated by dividing the consolidated profit/(loss) for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

r) Taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the consolidated statement of profit / (loss) except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income.

i) Current tax

Current tax is comprised of the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Prepaid corporation taxes and corporate tax liabilities are offset when they relate to income taxes levied by the same taxation authority.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2.3 Significant accounting policies (continued)

r) Taxes (continued)

ii) Deferred tax (continued)

Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group's able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The Company and the other consolidated subsidiaries have reflected their deferred tax asset and liabilities by netting their individual balances; however, there is no netting on a consolidation basis. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

Deferred tax assets are recognized for unused tax losses, unused tax credits a deductible temporary differences to the extent that it is possible that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

iii) Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's board of directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

t) Determination of fair values

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

t) Determination of fair values (continued)

i) Trade and other receivables

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

ii) Derivatives

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

iii) Issued debt instruments

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

iv) Other non-derivative financial liabilities

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

v) Lands

Lands accounted as property, plant and equipment are measured at revalued amount. Revalued amount for lands is the fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

vi) Foreign currency protected TL Deposits

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2022 are as follows:

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

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

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

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

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense).

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

i) The new standards, amendments and interpretations which are effective as at 1 January 2022 are as follows: (continued)

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

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.

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

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023.

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

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

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

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

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

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

The new standards, amendments and interpretations (continued)

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

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA.

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

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

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

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

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

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.3 Significant accounting policies (continued)

The new standards, amendments and interpretations (continued)

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

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

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.

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

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

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

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

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

Amendments to IAS 21 - Lack of exchangeability

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

Overall, the Group expects no significant impact on its balance sheet and equity.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Significant accounting assessments, estimates and assumptions

In the process of applying the Group's accounting policies, the management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements (excluding those involving estimations).

i) Operating Lease Commitments – Group as Lessor: The Company has entered into a cross-occupation agreement with PTT. The Group has determined that it retains all the significant risks and rewards of ownership of its properties subject to the agreement which are leased out on operating leases.

ii) Income from Sales Campaign: Group makes sales campaigns with suppliers under which they bundle telecommunication services with equipment supplied by the suppliers. The Group management accounts bundled offers as an agent if the sale transaction satisfies the below conditions:

- a) Group, has no inventory risk.
- b) Group has no responsibility on technical qualifications of equipment delivered to customers and responsibility after sale belongs to supplier.
- c) Group does not make any modification on the equipment.
- d) Group earns either a fixed rate of commission or zero profit on the transaction.

iii) Prepaid Card Sales Agent - Principal Analysis: Since TT Mobil is primarily responsible for providing the service, has credit and inventory risk and determinant in setting prices; starting from April 2010, TT Mobil recognizes prepaid card incomes on a gross basis.

iv) Commission income: The Group renders intermediary collection services regarding handsets sold by the distributors at the Group exclusive sale channels. Accordingly, the arrangement with the customer includes both handset principal amount and GSM services. Total considerations have been collected from the customers with up to 24 month instalments via GSM bills where each benefit is clearly identifiable and separable. The Group does not recognize any revenues from the sale of handsets and acts as an agent since it has no control over price, nor risk on stock. However, the collection risk of handset principal amount is on the Group and the distributors collect this amount from the Group on monthly basis. Apart from the GSM revenues, since customer base and sales channels are made available to the distributors, the Group charges a commission to those distributors. This commission income is classified under other revenues and it is recognized when the handset is delivered to the customer.

v) Content Sales: Since TT Mobil is primarily responsible for providing the service, has credit and determinant in setting prices; TT Mobil recognizes content revenues on a gross basis.

vi) Liabilities within the scope of vendor financing: For capital expenditures, the Group carries out vendor financing with some of its suppliers in accordance with the agreements made with banks and those suppliers. Since the terms are not substantially different with the discounted present value of the cash flows under the new terms of the liabilities, the Group continues to classify those liabilities as trade payable.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Significant accounting assessments, estimates and assumptions (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

The Group determines whether property, plant and equipment are impaired by estimating the recoverable amount of the assets whenever there is an indication of impairment. This requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows (Note 16).

The estimates used by the Group in the application of TFRS Interpretation 12 are as follows:

- The Company assesses that approximately 30% of the foreseen network investments related to the replacement of the network equipment which are reclassified to intangible assets and which are then recognized in the financial statements as intangible assets are the contractual replacements as required by the concession agreement.

- In accordance with TFRS Interpretation 12, the Company has determined the cost of the investments in intangible assets recognized under the scope of TFRS Interpretation 12 by adding the profit margin, which is applied in the market for similar construction services, to the cost of acquiring the related network equipment. The estimated profit margin used in construction services provided in exchange for concession right is 13% (31 December 2022: 13%) for the year ended as of 31 December 2023. The profit margin of property, plant and equipment accounted within the scope of TFRS Interpretation 12 amounting to TL 6.958.851 (31 December 2022: TL 5.859.996) (Note 20) is TL 800.576 for the year ended as of 31 December 2023 (31 December 2022: TL 674.159) (Note 3).

- A deferred tax asset is recognized only to the extent that it is probable that a tax benefit will be realized in the future. If it is probable that a tax benefit will be realized, a deferred tax asset is recognized on unused tax losses, unused tax credits and other deductible temporary differences. With the expectation to recover certain part of its tax losses carried forward in Türk Telekom, TT Mobil; TTNET and TTINT group has recognized deferred tax assets on statutory tax losses available for offsetting with future statutory taxable profits. Every year, the Group re-assesses its tax loss carry forwards and if there is a material change in the deferred tax asset recognized in the consolidated financial statements, the deferred tax assets are also changed (Note 11).

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Significant accounting assessments, estimates and assumptions (continued)

Key sources of estimation uncertainty (continued)

- Assumptions used in the impairment test of property, plant and equipment and intangible assets have been explained in Note 16.

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years. Exposures within each group were segmented based on common credit risk characteristics such as delinquency status. Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Future collection performance of receivables is estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

Assumptions used by Company in goodwill impairment test are explained in Note 16. The Group determines the useful life of an asset by considering its future economic benefits. This evaluation is driven by the Group's previous experience on similar assets. The Group also considers useful life of the asset from technical and commercial perspectives due to changes and developments in market in order to assess whether additional impairment is required or not.

There are other estimations made by the management during the determination of provisions for litigations (Note 23).

3. SEGMENT REPORTING

The Group has two main segments; fixed line and mobile. Fixed line services are provided by Türk Telekom, 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, monetary gain and loss, interest and rediscount income/expenses on current accounts presented in other operating income and expense. Group management uses adjusted EBITDA as it is comparable with other companies in the sector. EBITDA is not a measure of financial performance indicator defined in TFRS and may not be comparable to similar indicators defined by other companies. As Group management does not monitor Group's performance over geographical segments, geographical segment reporting is not presented. The segment results and balance sheet items are presented below:

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

3. SEGMENT REPORTING (CONTINUED)

	Fixed line		Mobile		Intra-group eliminations and consolidated adjustments		Consolidated	
	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2023	1 January - 31 December 2022	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	66.750.216	65.041.043	37.870.790	31.489.553	(4.436.348)	(5.129.669)	100.184.658	91.400.927
International revenue	5.137.569	5.300.508	—	—	—	—	5.137.569	5.300.508
Contributive revenue (*)	62.493.798	60.063.431	37.690.860	31.337.496	—	—	100.184.658	91.400.927
EBITDA	18.880.516	25.577.822	14.696.254	10.935.450	(54.131)	(112.073)	33.522.639	36.401.199
Contributive adjusted EBITDA (**)	17.053.951	23.428.113	16.468.689	12.973.085	—	—	33.522.639	36.401.199
Capital expenditure (***)	17.531.151	16.912.692	8.285.921	7.100.893	(63.087)	(26.783)	25.753.985	23.986.802
Impairments losses, net	(302.685)	(2.176.395)	(92.930)	(56.743)	—	—	(395.615)	(2.233.138)
Depreciation and amortization	(22.642.282)	(19.920.554)	(12.834.787)	(12.748.417)	—	—	(35.477.069)	(32.668.971)

(*) “Contributive revenue” represents operating segments’ revenues from companies other than those included in the consolidated financial statements. Group management still monitors financial performance of the segments based on their separate financial statements and because of this there is no change at the segment information disclosed. However, contribution of operating segments on the Group’s revenue is presented to give additional information to the readers of the financial statements.

(**) “Contributive EBITDA” represents operating segments’ EBITDA arose from transactions with companies other than those included in the consolidated financial statements and revised by allocation of intra-group charges for shared costs. Group management still monitors financial performance of the segments based on their separate financial statements and because of this there is no change at the segment information disclosed. However, contribution of operating segments on the Group’s revenue is presented to give additional information to the readers of the financial statements.

(***) Capital expenditures do not include TL 800.576 (31 December 2022: TL 674.159) amounted profit margin which is capitalized on intangible assets that are accounted within the scope of TFRS Interpretation 12.

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

3. SEGMENT REPORTING (CONTINUED)

	1 January - 31 December 2023	1 January - 31 December 2022
Fixed line contributive EBITDA	17.053.950	23.428.113
Mobile contributive EBITDA	16.468.689	12.973.085
EBITDA	33.522.639	36.401.198
Foreign exchange gains, interest income, discount income on current accounts presented in other operating income	1.420.251	516.247
Foreign exchange losses, interest income, discount income on current accounts presented in other operating expense (-)	(4.113.509)	(2.002.032)
Exchange rate protected deposit fair value gains presented in income from investment activities	4.046.053	2.790.426
Financial income	12.098.239	6.650.909
Financial expense (-)	(31.623.866)	(25.818.982)
Depreciation, amortisation and impairment	(35.487.984)	(34.499.193)
Monetary Gain / (Loss)	23.568.411	23.504.920
Consolidated profit before tax	3.430.234	7.543.493

31 December 2023	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	139.507.346	68.670.107	(13.456.575)	194.720.878
Total segment liabilities	(93.491.146)	(16.396.093)	13.456.575	(96.430.664)
Goodwill	359.445	127.140	—	486.585
Assets held for sale	—	458.634	—	458.634

31 December 2022	Fixed Line	Mobile	Eliminations	Consolidated
Total segment assets	138.288.299	55.941.148	(6.925.384)	187.304.063
Total segment liabilities	(99.861.658)	(13.578.396)	6.925.384	(106.514.670)
Goodwill	359.445	127.140	—	486.585
Assets held for sale	—	458.634	—	458.634

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

4. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	2.688	2.714
Cash at banks - demand deposit	1.463.025	1.562.438
Cash at banks - time deposit	11.964.814	5.890.293
Liquid fund (*)	160.482	989.001
	13.591.009	8.444.446

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

As of 31 December 2023 time deposits are all short-term, maturing within one month and denominated in both foreign currencies and TL. The interest rates are between 5,50% and 45% for TL deposits, between 1% and 6,09% for USD deposits and between 1% and 5% for EUR deposits (31 December 2022: for TL deposits between 9% and 22%, for USD deposits between 0,50% and 5,15% for EUR deposits between 1,25% and 2,50%).

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

	31 December 2023	31 December 2022
Cash and cash equivalents	13.591.009	8.444.446
Less: restricted amounts		
- Collection protocols and ATM collection	(884.085)	(681.514)
- Other	(2.158.420)	(2.074.514)
Unrestricted cash	10.548.504	5.688.418

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

As of 31 December 2023, demand deposits amounting to TL 884.085 is restricted due to collection protocols signed with banks for receipts from the subscribers, under which proceeds are made available to the Group a certain number of days after the cash is collected. As of 31 December 2023 Other restricted amounts consist of blocked deposits related to Group's derivative financial instruments.

As of 31 December 2023, the Group maintains available credit line amounting to EUR 78.970 until 18 October 2025, EUR 2.540 until 1 July 2024, EUR 49.260 until 29 May 2026 which in total amounted to EUR 130.770.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

5. FINANCIAL LIABILITIES

Bank loans

	31 December 2023			31 December 2022		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
Short-term bank loans:						
Unsecured TL bank loans with fixed interest rates (*)	22,24	8.345.025	8.345.025	17,07	7.690.105	7.690.105
TL bank loans with variable interest rates		–	–	14,86	49.432	49.432
EUR bank borrowings with variable interest rates	8,60	48.000	1.563.547	7,63	48.000	1.576.671
Interest accruals:						
Unsecured TL bank loans with fixed interest rates (*)		664.076	664.076		727.118	727.118
Unsecured EUR bank loans with variable interest rates		674	21.959		1.022	33.568
Short-term bank loans			10.594.607			10.076.894
Short-term portion of long-term bank loans:						
Unsecured USD bank loans with variable interest rates (**)	6,90	107.170	3.154.901	5,57	120.372	3.708.628
Unsecured EUR bank loans with variable interest rates (***)	4,50	65.990	2.149.536	2,34	75.793	2.489.582
Interest accruals of long-term bank loans:						
Unsecured USD bank loans with variable interest rates (**)		2.815	82.857		3.623	111.637
Unsecured EUR bank loans with variable interest rates (***)		2.108	68.658		619	6.075
Current portion of long-term bank loans			5.455.952			6.315.922
Total short-term bank loans			16.050.559			16.392.816
Long-term bank loans:						
Unsecured USD bank loans with variable interest rates (**)	7,00	232.509	6.844.644	5,57	339.452	10.458.440
Unsecured EUR bank loans with variable interest rates (***)	4,95	325.879	10.615.166	2,34	253.580	8.329.431
Total long-term bank loans			17.459.810			18.787.871
Total bank loans			33.510.369			35.180.687

(*) As at 31 December 2023, the amounting to TL 405.893 includes of credit card debts (31 December 2022: TL 205.958).

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

(***) As at 31 December 2023, interest rate varies between Euribor + 0,25% and 4,65% (31 December 2022: Euribor + 0,25% and 5,90%).

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

5. FINANCIAL LIABILITIES (CONTINUED)

Bank loans (continued)

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

	31 December 2023					Total	31 December 2022					Total
	Up to 3 months	3 months to 1 year	1 year to 2 years	2 year to 5 years	More than 5 years		Up to 3 months	3 months to 1 year	1 year to 2 years	2 year to 5 years	More than 5 years	
Unsecured TL bank borrowings with fixed interest rates	7.831.508	1.177.593	–	–	–	9.009.101	6.286.935	2.130.288	–	–	–	8.417.223
TL bank borrowings with variable interest rates	–	–	–	–	–	–	–	49.432	–	–	–	49.432
Unsecured USD bank borrowings with variable interest rates	500.590	2.737.168	1.517.255	4.852.464	474.925	10.082.402	508.064	3.312.201	3.278.887	6.040.359	1.139.194	14.278.705
Unsecured EUR bank borrowings with variable interest rates	353.344	3.450.356	3.148.028	6.330.661	1.136.477	14.418.866	149.781	3.956.115	2.309.215	5.699.500	320.716	12.435.327
	8.685.442	7.365.117	4.665.283	11.183.125	1.611.402	33.510.369	6.944.780	9.448.036	5.588.102	11.739.859	1.459.910	35.180.687

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

5. FINANCIAL LIABILITIES (CONTINUED)

Issued debt instruments

	31 December 2023			31 December 2022		
	Weighted average nominal interest rate (%)	Original amount	TL equivalent	Weighted average nominal interest rate (%)	Original amount	TL equivalent
Short-term issued debt instruments:						
TL bills, bonds and notes issued	32,74	2.100.000	2.100.000	26,71	2.191.727	2.191.727
Interest accruals:						
TL bills, bonds and notes issued		559.932	559.932		233.192	233.192
The short-term portion of long-term issued debt instruments:						
USD issued debt instruments with fixed interest rates	4,88	452.373	13.317.060		–	–
Interest accruals of short-term portion of long-term issued debt instruments:						
USD issued debt instruments with fixed interest rates		16.036	472.060		14.477	446.034
Short-term issued debt instruments			16.449.052			2.870.953
Long-term issued debt instruments:						
USD issued debt instruments with fixed interest rates	6,88	476.874	14.038.315	5,88	925.611	28.517.831
Long-term issued debt instruments			14.038.315			28.517.831
Total issued debt instruments			30.487.367			31.388.784

On 28 February 2019, a USD 500,000 bond with a maturity of 6 years and a coupon rate of 6.875% was issued and priced at a resale yield of 7%. The bond in subject is listed on the Irish Stock Exchange. USD 17,500 of the bond in question was repurchased in 2022 and the relevant amount was accounted for by netting off the amortized cost value and the total bond amount using the effective interest rate.

On June 19, 2014, a USD 500,000 bond with a 10-year maturity and a 4.875% coupon rate was issued and priced at a resale yield of 4.982%. The bond in subject is listed on the Irish Stock Exchange. USD 20,000 of the bond in question was repurchased in 2019, USD 5,000 in 2022, and USD 17,500 in 2023, and the relevant amount was accounted for by netting off its fair value and the total bond amount.

On 2-20 September 2022, TL 900.000 was issued with a maturity of 180 days and priced at 27% annual simple interest incoming. Garanti Yatırım Menkul Kıymetler A.Ş. mediated.

On 27 October 2022, TL 478.550 was issued with a maturity of 180 days and priced at 27% annual simple interest incoming. Garanti Yatırım Menkul Kıymetler A.Ş. mediated.

On 31 January 2023, TL 1.808.505 was issued with a maturity of 380 days and priced at 32,5% annual simple interest incoming. Ak Yatırım Menkul Kıymetler A.Ş. mediated.

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

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

5. FINANCIAL LIABILITIES (CONTINUED)

Issued debt instruments (continued)

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

	31 December 2023				31 December 2022				
	Up to 3 months	3 months to 1 year	1 year to 2 years	Total	Up to 3 months	3 months to 1 year	1 year to 2 years	2 year to 5 years	Total
TL issued debt instruments with fixed interest rates	2.659.932	—	—	2.659.932	1.599.781	825.138	—	—	2.424.919
USD issued debt instruments with fixed interest rates	381.696	13.407.424	14.038.315	27.827.435	446.034	—	13.971.864	14.545.967	28.963.865
	3.041.628	13.407.424	14.038.315	30.487.367	2.045.815	825.138	13.971.864	14.545.967	31.388.784

Lease liabilities

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

	31 December 2023				31 December 2022	
	Currency	Interest rate type	Nominal interest rate	Carrying amount	Nominal interest rate	Carrying amount
Lease liabilities	TL	Fixed	9,0%–41,0%	1.590.980	9,0%–21,5%	2.235.465
Lease liabilities	EUR	Fixed	2,5%–4,5%	242.862	3,3%–4,5%	215.243
Lease liabilities	USDı	Fixed	8,2%	45.204	4,0%	48.025
Lease liabilities	Other	Fixed	3,3%	2.675	3,2%	5.185
				1.881.721		2.503.918

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

6. TRADE RECEIVABLES FROM AND PAYABLES TO UNRELATED PARTIES

Trade receivables

	31 December 2023	31 December 2022
Short-term		
Receivables from subscribers	15.174.814	19.282.755
Other trade receivables (*)	616.547	1.102.946
Allowance for doubtful receivables (-)	(3.080.022)	(6.792.375)
Total short-term trade receivables	12.711.339	13.593.326
Long-term		
Receivables from subscribers	243.525	306.016
Total long-term trade receivables	243.525	306.016

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

Trade receivables generally have a maturity term of 60 days on average (31 December 2022: 60 days).

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

	1 January - 31 December 2023	1 January - 31 December 2022
At January 1	(6.792.375)	(10.719.942)
Provision for the year, net	(383.789)	(361.588)
Receivables written off (*)	1.572.057	-
Change in currency translation differences	8.513	45.127
Inflation Effect	2.515.572	4.244.028
At 31 December	(3.080.022)	(6.792.375)

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

The Group waits up to 90 days before initiating legal action for overdue receivables. Based on its previous collection performance from overdue receivables, the Company expects to make significant collections from its overdue receivables.

Receivables guaranteed of the Group are amounted to TL 761.061 (31 December 2022: TL 562.721).

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

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

Contract assets from unrelated parties

	31 December 2023	31 December 2022
Short-term		
Contract assets from sale of goods and service contracts	3.561.797	2.298.712
	3.561.797	2.298.712
Long-term		
Contract assets from sale of goods and service contracts	21.823	58.987
	21.823	58.987

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

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

Trade payables from unrelated parties

	31 December 2023	31 December 2022
Short-term		
Trade payables	12.543.299	13.934.043
Expense accruals	1.346.989	1.386.818
Total short-term trade payables	13.890.288	15.320.861

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

As of 31 December 2023, short term trade payables consists of payables within scope of supplier finance that amounting TL 666.033 (31 December 2022: TL 454.140).

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

7. RIGHT OF USE ASSETS

The carrying amounts of right-of-use assets as of 31 December 2023 are as below:

	31 December 2023	31 December 2022
Site rent	4.111.461	3.963.510
Building	713.703	750.407
Vehicles	517.662	889.668
Other	240.356	279.291
Right of use assets	5.583.182	5.882.876

As at 31 December 2023 the Group capitalized TL 2.517.011 right of use asset (31 December 2022: TL 2.481.919).

As at 31 December 2023, the Group recognised TL 2.647.816 of depreciation charges (Field rent: TL 1.182.209, Building: TL 556.132 and Vehicle: TL 909.475) (31 December 2022: TL 2.804.292) and TL 444.842 of financial expense from these leases (31 December 2022: TL 476.252).

8. DUE FROM AND DUE TO RELATED PARTIES

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

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

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

TWF has become a party to holding power of control and the majority shareholder of The Group following the share transfer on 31 December 2022. Due to the change of the ultimate parent, the Group revaluated the related party entities and reflected the transactions on 31 December 2022 financial statements.

Related party disclosures include the transactions realized until 31 March 2022 of the companies that were related parties until the share transfer on 31 March 2022 and unrecognised to be related parties after the share transfer. The updated related parties with the share transfer realized on 31 March 2022 include the transactions between 31 March 2022 and 31 December 2022.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

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

As of 31 December 2022, related party balances include the balances of updated related parties with the share transfer on 31 March 2022. These balances may also include balances from transactions occurred before 31 March 2022.

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

	31 December 2023	31 December 2022
Short-term due from related parties (Trade receivables)		
Other	630.502	837.803
	630.502	837.803

	31 December 2023	31 December 2022
Short-Term due to from related parties (Trade payables)		
Other	208.760	319.579
	208.760	319.579

Deposits held by related parties	31 December 2023	31 December 2022
Time Deposit		
T.C. Ziraat Bankası A.Ş.	2.592.078	1.177.096
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	1.308.060	1.785.146
Türkiye Halk Bankası A.Ş.	104.420	177.218
Other	61.727	—
Demand Deposit		
Türkiye Halk Bankası A.Ş.	87.223	137.343
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	34.974	100.670
T.C. Ziraat Bankası A.Ş.	27.171	174.170
Other	7.028	19.298
	4.222.681	3.570.941

Bank loans from related parties	31 December 2023	31 December 2022
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	1.851.723	649.444
Ziraat Katılım Bankası A.Ş.	538.694	—
T.C. Ziraat Bankası A.Ş.	49.000	1.554.649
Türkiye Halk Bankası A.Ş.	—	31.472
	2.439.417	2.235.565

Currency Protected Time Deposit from related parties	31 December 2023	31 December 2022
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı	683.055	421.001
Ziraat Katılım Bankası A.Ş.	508.889	—
T.C. Ziraat Bankası A.Ş.	—	890.755
	1.191.944	1.311.756

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

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

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

Transactions with shareholders:

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

As of 31 December 2023, unpaid portion of Treasury Share, universal service fund and ICTA share are recorded under other short term payables and these expenses are accounted in cost of sales account.

Transactions with related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
Interest income from related parties		
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (*)	369.767	172.437
T.C. Ziraat Bankası A.Ş. (*)	283.558	137.825
Türkiye Halk Bankası A.Ş. (*)	166.901	—
Other	101.300	26.538
	921.526	336.800
Interest expense from related parties		
Türkiye Vakıflar Bankası Türk Anonim Ortaklığı (*)	400.275	142.182
T.C. Ziraat Bankası A.Ş. (*)	256.150	165.269
Other	124.468	68.283
	780.893	375.734

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

8. DUE FROM AND DUE TO RELATED PARTIES (CONTINUED)*Transactions with related parties (continued)*

	1 January - 31 December 2023	1 January - 31 December 2022
Income from related parties		
Superonline İletişim Hizmetleri A.Ş. (*)	1.433.219	1.123.480
Turkcell İletişim Hizmetleri A.Ş. (*)	1.147.480	1.225.317
Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş. (*)	885.064	950.940
T.C. Ziraat Bankası A.Ş. (*)	541.557	108.271
THY A.O. (*)	440.799	291.007
Enerji Piyasaları İşletme A.Ş. (*)	315.982	278.921
Türkiye Halk Bankası A.Ş. (*)	145.019	101.062
Türkiye Vakıflar Bankası Türk Ananim Ortaklığı (*)	136.573	64.531
Other	563.989	323.731
	5.609.682	4.467.260

	1 January - 31 December 2023	1 January - 31 December 2022
Expenses from related parties		
Turkcell İletişim Hizmetleri A.Ş. (*)	1.138.597	1.151.343
Enerji Piyasaları İşletme A.Ş. (*)	1.067.421	824.701
PTT A.Ş. (*)	523.562	397.071
Türksat Uydu Haberleşme Kablo TV ve İşletme A.Ş. (*)	189.314	153.363
THY A.O. (*)	140.033	100.541
Kule Hizmet ve İşletmecilik A.Ş. (*)	110.959	88.627
Other	226.716	37.546
	3.396.602	2.753.192

(*) Includes transactions the period of 1 April 2022 - 31 December 2023.

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

Compensation of key management personnel

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

	1 January - 31 December 2023	1 January - 31 December 2022
Short-term benefits	299.617	280.738
Long-term benefits	9.865	7.299
	309.482	288.037

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

9. OTHER RECEIVABLES AND PAYABLES

Other short term receivable

	31 December 2023	31 December 2022
Other short term receivable	245.170	240.617
Deposits and guarantees given	15.892	18.773
Other doubtful receivables	64.619	104.712
Allowance for other doubtful receivables (-)	(64.619)	(104.712)
	261.062	259.390

As of 31 December 2023, TL 665.643 (31 December 2022: TL 62.544) portion of other short term receivables consists of receivables from Ministry of Transport and Communications due to the expenses made under Universal Service Fund.

As of 31 December 2023, other doubtful provision amounting to TL 20.587 (31 December 2022: TL 48.054) is provided while TL 18.162 (31 December 2022: TL 28.099) is reversed.

Other long term receivables

	31 December 2023	31 December 2022
Deposits and guarantees given	78.528	121.863
	78.528	121.863

Other short term payable

	31 December 2023	31 December 2022
Taxes and duties payable	1.329.295	1.178.712
ICTA shares	638.339	552.359
Universal Service Fund (*)	504.173	532.605
Treasury share accruals	586.374	506.328
Other payables (**)	175.194	220.000
	3.233.375	2.990.004

(*) According to the article numbered 5369 related with “International Service Fund” published on 16 June 2005, Türk Telekom, TTNNet and AssisTT will contribute 1% of their net revenues of each year to the Ministry of Transportation as Universal Service Fund. The contribution is payable by the end of April of the following year.

(**) As of 31 December 2023, amounting to TL 63.141 in other short term payables is comprised of guarantees given for borrowings of distributors which are utilized in financing of equipment purchases that will be sold to Group’s customers as part of commitment sales.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

9. OTHER RECEIVABLES AND PAYABLES (CONTINUED)

Other long term payables

	31 December 2023	31 December 2022
Deposits and guarantees received	95.922	95.774
	95.922	95.774

10. INVENTORIES

The Group has inventory amounting to TL 1.323.732 as at 31 December 2023 (31 December 2022: TL 1.396.645). Major part of this balance is composed of modems, computer, tablet, dect phones, cable, cable box and SIM cards.

11. DEFERRED TAX ASSETS AND LIABILITIES

The Group calculates deferred tax assets and liabilities based on temporary differences arising between the carrying amount of assets and liabilities as reported under Turkish Accounting Standards and their tax base for statutory purposes. These temporary differences are mainly due to the timing differences of certain income and expense items in statutory and Turkish Accounting Standards financial statement as disclosed below.

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

11. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

As at 31 December 2023, 25% tax rate is used for the calculation of deferred tax assets and liabilities (31 December 2022: 20% and 23%).

	Deferred tax assets		Deferred tax liability		Deferred tax asset / (liability), net	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Deferred tax asset recognized from tax losses carried forward	5.256.305	2.281.747	—	—	5.256.305	2.281.747
Deferred tax asset arising from capital increase	661.184	614.048	—	—	661.184	614.048
Deferred tax asset recognized from capital allowance	3.610.190	2.060.681	—	—	3.610.190	2.060.681
Provision for long-term employee benefits	823.821	687.227	—	—	823.821	687.227
Provision for doubtful receivables	125.617	77.410	—	—	125.617	77.410
Derivative instruments	—	—	(1.106.748)	(1.286.071)	(1.106.748)	(1.286.071)
Issued debt instruments	67.417	43.184	—	—	67.417	43.184
Temporary differences on property, plant and equipment / intangible assets	2.910.251	3.683.749	(5.113.913)	(14.134.494)	(2.203.662)	(10.450.745)
R&D investment incentive	465.089	719.232	—	—	465.089	719.232
Other	1.363.755	965.594	(492.178)	(532.060)	871.577	433.534
Deferred tax asset / (liability) before net-off	15.283.629	11.132.872	(6.712.839)	(15.952.625)	8.570.790	(4.819.753)
Net-off of tax	(6.486.453)	(9.413.419)	6.486.453	9.413.419	—	—
Net deferred tax asset / (liability)	8.797.176	1.719.453	(226.386)	(6.539.206)	8.570.790	(4.819.753)

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

11. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

In the consolidated financial statements for the period ended 31 December 2023, the Group has accounted deferred tax assets amounting to TL 5.236.305 for the deductible losses. (31 December 2022: TL 2.281.174). The expiry dates of them are as follows:

	31 December 2023
2024	3.191
2025	1.897
2026	738.099
2027	916.008
2028	3.588.806
2029	2.824
Unlimited	5.480
	5.256.305

As of 31 December 2023, the Group does not have financial losses for deferred tax assets are allocated.

12. OTHER CURRENT ASSETS, OTHER LIABILITIES AND EMPLOYEE BENEFIT**OBLIGATIONS***Other current assets*

	31 December 2023	31 December 2022
Value Added Tax ("VAT") and Special Communication Tax ("SCT")	1.222.977	379.838
Intermediary services for collection (*)	690.267	761.595
Advances given (**)	40.839	9.830
Other current assets	22.933	3.479
	1.977.016	1.154.742

(*) Intermediary services for collections consist of advances given by the Group to its distributors.

(**) Advances given mainly consists of advances given to suppliers.

Other current liabilities

	31 December 2023	31 December 2022
Other liabilities	484.386	286.356
	484.386	286.356

Employee benefit obligations

	31 December 2023	31 December 2022
Social security premiums payable	921.473	618.294
Payables to personnel	337.091	201.641
Employee's income tax payables	268.993	176.165
	1.527.557	996.100

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

13. PREPAID EXPENSES AND DEFERRED REVENUES

Short-term prepaid expenses

	31 December 2023	31 December 2022
Other prepaid expenses (*)	1.075.843	828.103
Prepaid rent expenses	28.574	31.860
	1.104.417	859.963

(*) Other short-term prepaid expenses consist of advances given for fixed asset purchases, prepaid insurance, prepaid maintenance, prepaid advertising and other prepaid expenses.

Long-term prepaid expenses

	31 December 2023	31 December 2022
Other prepaid expenses	142.317	388.346
Prepaid rent expenses	1.549	1.269
	143.866	389.615

Short-term contract liabilities

	31 December 2023	31 December 2022
Contract liabilities from sale of goods and service contracts (*)	2.112.344	1.924.872
	2.112.344	1.924.872

(*) Short-term contract liabilities mainly consist of invoiced but unconsumed minutes, deferred monthly fixed fee revenues due to the allocation of total consideration in the contract to all products and services under TFRS 15 and TTINT's indefeasible right of use contracts.

Long-term contract liabilities

	31 December 2023	31 December 2022
Contract liabilities from sale of goods and service contracts (*)	2.964.683	3.309.220
	2.964.683	3.309.220

(*) TL 212.238 of the long-term contract liabilities consist of advances received from customer and the remaining mainly consist of TTINT's indefeasible right of use contracts. As of 31 December 2023, Group is expected that 20% of the liabilities arising from long-term contract liabilities will be recognised as revenue in 2024 and 80% in the following years.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

14. FINANCIAL INVESTMENTS

	31 December 2023	31 December 2022
Short term financial assets		
Currency protected time deposit (*)	7.828.281	8.042.306
Long term financial assets		
Investment funds (**)	71.762	—
Other (***)	103.152	72.119
	8.003.195	8.114.425

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

The Group has converted its foreign currency deposit accounts amounting to USD 244.137 and EUR 20.000 (31 December 2022: USD 248.200) into “Currency Protected TL Time Deposit Accounts”. Maturity of currency protected time deposit accounts is between 90-360 days (31 December 2022: 180-360 Days).

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

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

(***) The amounting to TL 29.126 in other consists of growth equity private equity fund investment (31 December 2022: None).

15. DERIVATIVE FINANCIAL INSTRUMENTS

Cash flow hedges and derivative financial instruments

Cross currency swap transaction

In the periods in which the cash flows related to the hedged item affect profit or loss, accumulated gain/loss of related hedged instruments in equity are reclassified in profit or loss, As of the year ended 31 December 2023, TL 512.747 are reclassified to financial expenses in the statement of profit or loss from gain on cash flow hedges in equity.

As of 31 December 2023 fair value of participating cross currency swap transactions amounting to TL 4.136.773 has been recognized under short term derivative financial assets (31 December 2022: TL 6.152.044).

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**Cash flow hedges and derivative financial instruments (continued)*****Cross currency swap transaction (continued)***

Company	Notional Amount (USD)	Trade Date	Amendment Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	500.000	31 March 2016 - 3 August 2018	21 October 2020 - 18 February 2022	Pay TL and receive USD at June 2024	2.522.493
Türk Telekom	37.500	14 November 2018	11 - 21 June 2021	Pay TL and receive USD between October 2019 - April 2024	224.395
Türk Telekom	23.230	25 October 2018 - 18 July 2019	11 June 2021	Pay TL and receive USD between April 2019 - April 2025	121.029
Türk Telekom	50.000	17 December 2020		Pay TL and receive USD at February 2025	306.759
Türk Telekom	27.324	27 September 2019 - 6 September 2021		Pay TL and receive USD between March 2020 - September 2025	132.301
Türk Telekom	19.695	13 November 2018 - 19 July 2019	14 June 2021	Pay TL and receive USD between September 2019 - September 2025	97.044
Türk Telekom	36.364 (*)	27 - 28 March 2018	12 November - 2 December 2020	Pay TL and receive EUR between December 2020 - December 2025	432.679
Türk Telekom	26.660 (*)	18 August 2021		Pay TL and receive EUR between October 2021 - December 2025	168.849
Türk Telekom	19.340 (*)	13 August 2021		Pay TL and receive EUR between October 2021 - December 2025	110.047
Türk Telekom	4.873 (*)	27 - 28 June 2019	10 November 2021	Pay TL and receive EUR between September 2019 - September 2024	21.177
					4.136.773

(*) Nominal amount of indicated operations are Euro.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

15. 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 - 3 August 2018	21 October 2020 - 18 February 2022	Pay TL and receive USD at June 2024	2.891.073
Türk Telekom	88.500	14 November 2018	11 - 21 June 2021	Pay TL and receive USD between October 2019 - April 2024	726.919
Türk Telekom	38.710	25 October 2018 - 18 July 2019	11 June 2021	Pay TL and receive USD between April 2019 - April 2025	268.794
Türk Telekom	50.000	17 December 2020		Pay TL and receive USD at February 2025	346.194
Türk Telekom	40.986	27 September 2019 - 6 September 2021		Pay TL and receive USD between March 2020 - September 2025	247.370
Türk Telekom	34.690	13 November 2018 - 19 July 2019	14 June 2021	Pay TL and receive USD between September 2019 - September 2025	236.258
Türk Telekom	54.545 (*)	27 - 28 March 2018	12 November - 2 December 2020	Pay TL and receive EUR between December 2020 - December 2025	661.240
Türk Telekom	43.172 (*)	16 August 2021		Pay TL and receive EUR between September 2021 - March 2026	263.210
Türk Telekom	37.330 (*)	18 August 2021		Pay TL and receive EUR between October 2021 - December 2025	252.401
Türk Telekom	29.009 (*)	13 August 2021		Pay TL and receive EUR between October 2021 - December 2025	176.632
Türk Telekom	12.633 (*)	27 - 28 June 2019	10 November 2021	Pay TL and receive EUR between September 2019 - September 2024	81.953
					6.152.044

(*) Nominal amount of indicated operations are Euro.

Copper hedge transactions

As of 31 December 2023 fair value of participating cross currency swap transactions amounting to TL 21 has been recognized under short term derivative financial liabilities (31 December 2022: TL 18.947 recognized under short term derivative financial asset).

Company	Notional Amount (Tonnes)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	72	23 August 2023	Pay floating price and receive fixed price between August - December 2023	(21)
				(21)

Company	Notional Amount (Tonnes)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Türk Telekom	300	18 March - 5 April 2022	Pay floating price and receive fixed price between April - December 2022	18.947
				18.947

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

15. 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 23.230 has been recognized under short-term derivative financial assets.

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Türk Telekom	1.769	12 July - 2 August 2021	Pay TL and receive USD between January 2022 – January 2023	23.230
				23.230

As of 31 December 2022, the Group has 2 electricity forward transactions with a total nominal value of USD 1.769. Electricity forward contracts have been designated as a hedging instrument that may arise from the cash flows of electricity purchases in 2022 and 2023, which are likely to be realized as of October 2022 and January 2023 and are subject to cash flow hedge accounting.

Cross Currency swaps instruments which are not designated as hedge

As of 31 December 2023, fair value of derivative transactions amounting to TL 439.541 is recognized under short term derivative financial assets and TL 117.424 is recognized under short term financial liabilities (31 December 2022: TL 385.069 is recognized under short term derivative financial assets and TL 233.198 is recognized under short term financial liabilities).

Cross currency transactions

As of 31 December 2023, fair value of cross currency transactions amounting to TL 162.567 is recognized under short term derivative financial assets.

Company	Notional Amount (EUR)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	29.281	16 August 2021	Pay TL and receive EUR between September 2021 - March 2026	162.567
				162.567

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

As of 31 December 2022 fair value of interest rate derivative transactions amounting to TL 147.203 has been recognized under short term derivative financial assets.

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Türk Telekom	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%)	20.399
				20.399

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Türk Telekom	150.000	29 April - 20 May 2014	Pay fixed rates and receive floating rates between June 2016 - June 2024	63.630
Türk Telekom	150.000	15 - 16 May 2014	Pay fixed rates and receive rates between June 2016 - August 2016 and June 2024 - August 2024	63.174
				126.804

USD/EUR Cross Currency Swaps Instruments

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
TTINT Türkiye	16.667	16 June 2016	Pay EUR and receive USD between December 2016 and June 2026	33.211
Türk Telekom	27.500 (*)	3 October 2023	Pay USD and receive EUR at January 2024	42.610
				75.821

(*) Nominal amount of indicated operations are Euro.

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	10.000	7 December 2023	Pay EUR and receive USD at January 2024	(7.132)
				(7.132)

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

*Cross Currency swaps instruments which are not designated as hedge (continued)**USD/EUR Cross Currency Swaps Instruments (continued)*

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
TTINT Türkiye	23.333	16 June 2016	Pay EUR and receive USD between December 2016 and June 2026	84.334
				84.334

Futures

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	196.202	13 November - 19 December 2023	Net TL settlement at January 2024 based on the difference between contract price and contract closing price	22.090
TT Mobil	252.692	16 November - 27 December 2023	Net TL settlement between January - February 2024 based on the difference between contract price and contract closing price	23.033
				45.123

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	90.000	15 November - 28 November 2023	Net TL settlement at January 2024 based on the difference between contract price and contract closing price	(20.292)
				(20.292)

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
TT Mobil	69.692	9 - 21 December 2022	Net TL settlement at February 2023 based on the difference between contract price and contract closing price	31.114
Türk Telekom	101.202	5 - 15 December 2022	Net TL settlement at February 2023 based on the difference between contract price and contract closing price	41.996
				73.110

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
TT Mobil	133.000	11 November - 16 December 2022	Net TL settlement at January 2023 based on the difference between contract price and contract closing price	(10.564)
Türk Telekom	145.000	24 November - 8 December 2022	Net TL settlement at January 2023 based on the difference between contract price and contract closing price	(6.195)
				(16.759)

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

15. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	137.500	25 September - 26 December 2023	Pay TL and receive USD between January - March 2024	23.025
Türk Telekom	184.500 (*)	3 October - 22 December 2023	Pay TL and receive EUR between January - March 2024	132.995
Innova	200 (*)	5 December 2023	Pay TL and receive EUR at April 2024	10
				156.030

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2023 (TL)
Türk Telekom	314.957	22 September - 27 December 2023	Pay TL and receive USD between January - March 2024	(89.815)
Innova	1.250	5 December 2023	Pay TL and receive USD at April 2024	(185)
				(90.000)

(*) Nominal amount of indicated operations are Euro.

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Innova	5.000	23 February 2022	Pay TL and receive USD between February - June 2023	4.202
Türk Telekom	103.894	16 November - 29 December 2022	Pay TL and receive USD between January - March 2023	23.432
Türk Telekom	130.000 (*)	7 - 31 October 2022	Pay TL and receive EUR at January 2023	199.991
				227.625

Company	Notional Amount (USD)	Trade Date	Terms	Fair Value Amount as at 31 December 2022 (TL)
Innova	1.655	23 February 2022	Pay TL and receive USD between February -June 2023	(4.063)
Türk Telekom	334.593	17 October - 29 December 2022	Pay TL and receive USD between January - March 2023	(212.376)
				(216.439)

Hedge of net investment in a foreign operation

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

16. GOODWILL

	31 December 2023	31 December 2022
Goodwill of TT Mobil	344.131	344.131
Goodwill of Argela	92.044	92.044
Goodwill of Innova	50.410	50.410
	486.585	486.585

The Group performs impairment analysis for goodwill and other non-current asset groups annually as at 31 December. The Group has performed impairment analysis for all of the identified cash generating units.

TT Mobil cash generating unit impairment test

TT Mobil have been considered as a single cash generating unit and has been tested for impairment together for goodwill and all other assets. Recoverable amount is calculated through based on 5 years business plan which is approved by the management.

The discount ratio used for the cash flows is 29,2% (31 December 2022: 18%). Cash flow projections after 2028 are estimated by using 10,7% growth rate, considering the inflation rate used in the business plan and expected growth rate of TT Mobil. Company value of TT Mobil has been tested at a sensitivity.

The discount ratio used for the cash flows is 29,2% (31 December 2022: 18%). Cash flow projections after 2028 are estimated by using 10,7% growth rate, considering the inflation rate used in the business plan and expected growth rate of TT Mobil. Company value of TT Mobil has been tested at a sensitivity of WACC terminal growth rate by +1%/-1% (31 December 2022: 1%/-1%). As a result of the impairment test, it has been noted that there is no impairment is identified on goodwill arising on the TT Mobil acquisition.

Innova and Argela cash generating unit impairment test

Innova and Argela, are both considered as single cash generating unit and are tested for impairment of for goodwill and all of their other assets. Recoverable amount was determined through the usage value which is calculated based on the 5 years business plan approved by the management. The estimated value of the projected cash flows consists of the discounted cash flows until 2028. Cash flow projections beyond 2028 are estimated by using 10,7% growth rate, for both Innova and Argela, respectively, considering the inflation rate used in the business plan and expected growth rate of the country. The discount ratio used for the cash flows is 35% for Innova (31 December 2022: 24,7%) and 40,3% for Argela (31 December 2022: 26%). Valuation has been tested at a sensitivity of +1%/-1%. For the WACC calculation, technology companies have been taken as a benchmark for the calculation of the beta coefficient. As a result of the impairment test, no impairment is identified for the cash generating units and the goodwill arising from the acquisition of Argela and Innova.

17. ASSETS HELD FOR SALE

As of 31 December 2023, based on the decision of Board of Directors to sell a real estate, this asset was classified as held for sale.

Asset held for sale for the years ended 31 December 2023 and 31 December 2022 is given net book value TL 458.634 and TL 458.634, respectively.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

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

18. INVESTMENT PROPERTY

The movement of investment property and the related accumulated depreciation for the years ended 31 December 2023 and 31 December 2022 is given below:

	1 January - 31 December 2023	1 January - 31 December 2022
Cost		
Opening balance	398.445	398.445
As at 31 December	398.445	398.445
Accumulated depreciation		
Opening	(278.330)	(260.444)
Depreciation charge for the year	(17.886)	(17.886)
As at 31 December	(296.216)	(278.330)
Net book value as at 31 December	102.229	120.115

Investment property consists of number of buildings and lands mainly occupied by various corporations.

The Group assesses whether there is any impairment indicator in investment properties. If such indicator exists the Group compares fair values and carrying values of the investment properties on an individual asset basis and records identified impairment of the investment properties.

The fair value of the Group's investment properties has been determined by a valuation company independent of the Group. As of 31 December 2023, the fair value of investment properties valued by real estate appraisal companies licensed by CMB is determined as TL 522.042 (Note 19).

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

19. PROPERTY, PLANT AND EQUIPMENT

The movement of PPE and the related accumulated depreciation for the years ended 31 December 2023 and 31 December 2022 is given below:

	Land	Buildings	Network and other equipment	Vehicles	Furniture and fixtures	Other fixed assets	Construction in progress	Total
Cost								
Opening balance, 1 January 2023	22.884.371	19.872.357	416.757.318	1.353.531	9.095.142	2.192.242	3.724.930	475.879.891
Transfer	11.730	39.632	2.521.703	(1.143)	33.736	(8.145)	(3.141.365)	(543.852)
Additions	23.163	341.485	8.197.050	212.526	263.658	(3.674)	3.300.135	12.334.343
Impairment	343.604	—	—	—	—	—	(23.597)	320.007
Revaluation	3.339.302	—	—	—	—	—	—	3.339.302
Disposal	(5.050)	(11.902)	(812.306)	(8.461)	(77.155)	(3.822)	—	(918.696)
Foreign currency translation differences	5.467	1.001	2.740	1.272	12.687	9.301	7.213	39.681
Closing balance 31 December 2023	26.602.587	20.242.573	426.666.505	1.557.725	9.328.068	2.185.902	3.867.316	490.450.676
Accumulated depreciation								
Opening balance, 1 January 2023	—	16.563.414	372.674.271	1.234.281	7.513.287	2.099.814	—	400.085.067
Transfer	—	—	—	—	—	—	—	—
Depreciation charge for the year	—	955.133	13.496.758	57.372	516.933	26.100	—	15.052.296
Disposal	—	(11.691)	(789.222)	(8.421)	(54.714)	(3.643)	—	(867.691)
Impairment	—	20.862	166.820	—	25	—	—	187.707
Foreign currency translation differences	—	1.059	1.291	1.084	650	1.280	—	5.364
Closing balance 31 December 2023	—	17.528.777	385.549.918	1.284.316	7.976.181	2.123.551	—	414.462.743
Net book value, 31 December 2023	26.602.587	2.713.796	41.116.587	273.409	1.351.887	62.351	3.867.316	75.987.933

As of 31 December 2023, the Group has a license purchased through financial leasing (31 December 2022: nil).

The Group does not have any capitalized borrowing cost on property, plant and equipment (31 December 2022: nil).

There is no restriction or pledge on the tangible as at 31 December 2023.

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2023, net increase in carrying amount of lands amounting TL 3.339.302 which is valued by real estate valuation companies licensed by CMB is recognized in other comprehensive income. Market approach method is used in land valuations. Valuation companies that performed the valuations are Akademi Gayrimenkul Değerleme ve Danışmanlık A.Ş., Atak Gayrimenkul Değerleme A.Ş., Bilgi Gayrimenkul Değerleme A.Ş., DE-GA Gayrimenkul Değerleme ve Danışmanlık A.Ş., Değer Gayrimenkul Değerleme ve Danışmanlık A.Ş., Düzey Gayrimenkul Değerleme ve Danışmanlık A.Ş., Ekip Taşınmaz Değerleme A.Ş., Eksen Gayrimenkul Değerleme ve Danışmanlık A.Ş., Emsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., Kuzey Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., LAL Gayrimenkul Değerleme ve Müşavirlik A.Ş., Metrik Gayrimenkul Değerleme Danışmanlık A.Ş., Net Kurumsal Gayrimenkul Değerleme ve Danışmanlık A.Ş., Prime Gayrimenkul Değerleme ve Danışmanlık A.Ş., Vakıf Gayrimenkul Değerleme A.Ş.

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Buildings	Network and other equipment	Vehicles	Furniture and fixtures	Other fixed assets	Construction in progress	Total
Cost								
Opening balance, 1 January 2022	20.907.062	19.512.614	414.758.348	1.315.463	8.416.750	2.186.253	3.349.499	470.445.989
Transfer	4.904	19.425	2.878.990	—	286.883	4.801	(3.464.637)	(269.634)
Additions	63	392.144	7.792.773	40.415	484.872	6.909	3.924.462	12.641.638
Impairment	(1.812.884)	—	—	—	—	—	—	(1.812.884)
Revaluation	3.800.309	—	—	—	—	—	—	3.800.309
Disposal	(527)	(15.990)	(6.336.780)	(358)	(80.057)	(608)	(44.906)	(6.479.226)
Foreign currency translation differences	(14.556)	(35.836)	(2.336.013)	(1.989)	(13.306)	(5.113)	(39.488)	(2.446.301)
Closing balance 31 December 2022	22.884.371	19.872.357	416.757.318	1.353.531	9.095.142	2.192.242	3.724.930	475.879.891
Accumulated depreciation								
Opening balance, 1 January 2022	—	15.760.999	367.634.368	1.196.753	7.168.097	2.087.172	—	393.847.389
Transfer	—	—	—	—	—	—	—	—
Depreciation charge for the year	—	861.552	12.578.919	39.219	438.675	22.305	—	13.940.670
Disposal	—	(14.802)	(6.065.390)	(92)	(79.669)	(468)	—	(6.160.421)
Impairment	—	59	54.998	—	832	—	—	55.889
Foreign currency translation differences	—	(44.394)	(1.528.624)	(1.599)	(14.648)	(9.195)	—	(1.598.460)
Closing balance 31 December 2022	—	16.563.414	372.674.271	1.234.281	7.513.287	2.099.814	—	400.085.067
Net book value, 31 December 2022	22.884.371	3.308.943	44.083.047	119.250	1.581.855	92.428	3.724.930	75.794.824

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

20. INTANGIBLE ASSETS

	Licence	Customer relationship	Research and Development	Other intangible assets	Subscriber acquisition/retention cost	Concession rights	Concession assets	Total
Cost								
Opening balance, 1 January 2023	41.199.159	14.028.262	4.188.879	71.177.879	24.767.554	50.266.717	6.364.931	211.993.381
Transfers	225	—	63.457	292.364	—	3.987.581	(3.799.775)	543.852
Disposals	—	—	(78.912)	(163.212)	—	(30.675)	—	(272.799)
Additions (*)	—	—	487.587	4.002.654	2.581.413	6.784.923	173.928	14.030.505
Foreign currency translation differences	2.324	(12.156)	65.443	12.201	—	—	—	67.812
Closing balance, 31 December 2023	41.201.708	14.016.106	4.726.454	75.321.886	27.348.967	61.008.546	2.739.084	226.362.751
Accumulated amortization								
Opening balance, 1 January 2023	26.910.806	13.724.020	3.181.932	61.033.268	19.153.908	29.726.137	—	153.730.071
Transfers	—	—	—	—	—	—	—	—
Disposals	—	—	(19.728)	(135.584)	—	(30.377)	—	(185.689)
Amortization charge for the year	2.627.954	75.374	145.399	3.949.785	2.196.622	8.763.937	—	17.759.071
Impairment	—	—	—	143.215	—	—	—	143.215
Foreign currency translation differences	1.809	10.552	39.455	1.033	—	—	—	52.849
Closing balance, 31 December 2023	29.540.569	13.809.946	3.347.058	64.991.717	21.350.530	38.459.697	—	171.499.517
Net book value, 31 December 2023	11.661.139	206.160	1.379.396	10.330.169	5.998.437	22.548.849	2.739.084	54.863.234

(*) Additions amounting to TL 6.958.851 (31 December 2022: TL 5.859.996) comprise intangible assets under scope of TFRS Interpretation 12.

The Group have no capitalized borrowing cost on intangible assets (31 December 2022: nil).

For the year ended 31 December 2023, impairment on intangible assets amounting to TL 79.405 is recognized in cost of sales (31 December 2022: 655.006), TL (68.318) in general administrative expenses (31 December 2022: TL 1.182.471) and TL (172) in marketing, selling and distribution expenses (31 December 2022: TL 7.253).

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

20. INTANGIBLE ASSETS (CONTINUED)

	Licence	Customer relationship	Research and Development	Other intangible assets	Subscriber acquisition/retent ion cost	Concession rights	Concessio n assets	Total
Cost								
Opening balance, 1 January 2022	41.212.106	14.388.746	3.852.646	68.850.651	22.649.260	45.023.273	5.913.356	201.890.038
Transfers	10.316	—	71.933	187.385	—	—	—	269.634
Disposals	—	—	—	(206.032)	—	(164.977)	—	(371.009)
Additions (*)	514	514	286.136	3.761.123	2.121.609	5.408.421	451.575	12.029.892
Foreign currency translation differences	(23.777)	(360.998)	(21.836)	(1.415.248)	(3.315)	—	—	(1.825.174)
Closing balance, 31 December 2022	41.199.159	14.028.262	4.188.879	71.177.879	24.767.554	50.266.717	6.364.931	211.993.381
Accumulated amortization								
Opening balance, 1 January 2022	24.290.927	13.946.476	2.967.322	57.579.577	16.747.123	23.518.304	—	139.049.729
Transfers	—	—	—	—	—	—	—	—
Disposals	—	—	—	(159.279)	—	(104.076)	—	(263.355)
Amortization charge for the year	2.628.873	84.026	222.050	4.251.912	2.407.353	6.311.909	—	15.906.123
Impairment	—	(38.656)	—	94	11	—	—	(38.551)
Foreign currency translation differences	(8.994)	(267.826)	(7.440)	(639.036)	(579)	—	—	(923.875)
Closing balance, 31 December 2022	26.910.806	13.724.020	3.181.932	61.033.268	19.153.908	29.726.137	—	153.730.071
Net book value, 31 December 2022	14.288.353	304.242	1.006.947	10.144.611	5.613.646	20.540.580	6.364.931	58.263.310

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

20. INTANGIBLE ASSETS (CONTINUED)

For the year ended 31 December 2023, depreciation and amortization expense is recognized cost of sales, sales and distribution expenses, general administration expenses and research and development expenses respectively amounting to TL 28.827.855, (31 December 2022: TL 25.793.168), TL 3.054.014 (31 December 2022: TL 3.389.935) and TL 3.382.168 (31 December 2022: TL 3.263.946), TL 213.032 (31 December 2022: TL 221.923), respectively.

Remaining amortization periods after acquisition of significant intangible assets are as follows:

TT Mobil license	5,4 years
TTINT customer relationships	1,8 years
TTINT other	6,8 years

There is no restriction or pledge on the intangible as at 31 December 2023 (31 December 2022: nil).

3G license tender.

The tender for authorization of IMT-2000 / UMTS services has been held on 28 November 2008 with the participation of all three GSM operators operating in Turkey.

TT Mobile concession agreement was signed on 30 April 2009.

The net book value of the 3G license as at 31 December 2023 is TL 1.481.098 (31 December 2022: TL 1.750.406).

GSM 900 additional frequency band tender

The tender for the reallocation of unused 900 MHz Frequency Bands had been held on 20 June 2008 and TT Mobil had obtained C band with the minimum fee of TL 128 year /channel (excluding VAT).

TT Mobil had been granted 5,5 additional GSM 900 MHz frequency channels as a result of the tender and ultimately total number of GSM 900 MHz frequency channels has reached to 12 together with previously-held 6,5 channels.

TT Mobil made TL 14.122 (including VAT) payment as the tender fee for the remaining GSM license duration and amended license agreement has been signed between TT Mobil and ICTA on 25 February 2009.

The net book value of the GSM 900 license as at 31 December 2023 is TL 16.904 (31 December 2022: TL 25.019).

4.5G license tender

Tender of IMT Services and Infrastructures Authorization, also known as 4.5G tender in public has been held in Ankara on August 26, 2015 by ICTA. In the IMT Service and Infrastructure Authorization Tender done by ICTA, TT Mobil has won the following packages: 2x10 MHz bandwidth in 800 MHz frequency for EUR 380.000, 2x7.6 MHz bandwidth in 900 MHz frequency for EUR 216.819, 2x20 MHz bandwidth in 1800 MHz frequency for EUR 310.000, 2x10 MHz bandwidth in 2600 MHz frequency for EUR 25.859, 1x15 MHz bandwidth in 2600 MHz frequency for EUR 22.000. Total spectrum fee is EUR 954.678. IMT Authorization period is valid until 30 April 2029 and will be able to start rendering services starting from 1 April 2016. 900 MHz and services in 1.800 MHz frequency are commenced to be rendered since 1 December 2015. The Company will pay the tender fee (including interest) in four equal instalments amounting to EUR 973.396 (excluded VAT). As of 31 December 2023 net book value of 4.5G license amounts to TL 8.575.823 (31 December 2022: TL 10.183.610) in the consolidated financial statements.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

21. PROVISIONS

Current provisions

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

	31 December 2023	31 December 2022
Litigation, ICTA penalty and customer return provisions (*)	281.464	219.301
Provision for expected credit losses on loan commitments (**)	55.285	110.955
	336.749	330.256

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

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

The movement of Litigation, ICTA penalty and customer return provisions is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
As at 1 January	219.301	417.948
Provisions for the period	311.781	153.091
Provision paid	(106.411)	(200.941)
Reversals	(39.531)	(1.088)
Foreign currency translation difference	(976)	(4.228)
Inflation adjustment	(102.700)	(145.481)
As at 31 December	281.464	219.301

Current provisions for employee benefits

	31 December 2023	31 December 2022
Short term provisions for employee benefits		
Personnel bonus provision	1.267.909	938.225
	1.267.909	938.225

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

21. PROVISIONS (CONTINUED)*Current provisions*

The movement of provisions is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
As at 1 January	938.225	863.824
Provision for the period	1.713.266	1.190.030
Provisions paid	(971.714)	(802.357)
Reversals	(56.665)	(67.501)
Foreign currency translation difference	(5.781)	(20.697)
Inflation adjustment	(349.422)	(225.074)
As at 31 December	1.267.909	938.225

Non-current provisions for employee benefits

	31 December 2023	31 December 2022
Long term provisions for employee benefits		
Defined benefit obligation	3.354.110	3.480.745
Unused vacation provisions	703.197	548.114
	4.057.307	4.028.859

Defined benefit obligation

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

The retirement pay liability as at 31 December 2023 is subject to a ceiling of full TL 23.489,83 (31 December 2022 : full TL 25.327,90) per monthly salary for each service year.

i) The movement of defined benefit obligation is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Defined benefit obligation at January 1	3.480.745	2.893.979
Service cost (**)	513.515	286.005
Interest cost	407.593	403.740
Actuarial loss (*)	1.561.489	1.809.800
Benefits paid	(1.207.488)	(483.752)
Transfer - employee benefit obligations	(2.130)	(10.473)
Foreign currency translation difference	(72.995)	(16.195)
Inflation adjustment	(1.326.619)	(1.402.359)
As at 31 December	3.354.110	3.480.745

(*) As at 31 December 2023, actuarial loss amounting to TL 1.789.557 (31 December 2022: TL 1.815.742) is recognized in other comprehensive income.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

21. PROVISIONS (CONTINUED)

Non-current provisions for employee benefits (continued)

Defined benefit obligation (continued)

(**) The Social Security and General Health Insurance Law and the Law on the Versioning of the Decree Law No. 375 were published in the Official Gazette No. 32121 on 3 March 2023, and the beginnings began. With the regulation made, employees who had insurance before 8 September 1999, who used premium day payment and insurance fee, had the right to retire without any age limit. The effect of the provision for severance pay, which is defined as the defined benefit plan in TAS 19, within the scope of this law is calculated as TL 153.076 and is included in the profit or loss. In addition to the liability for severance pay, the Group also has some other long-term taxes such as employment, duty, compensation and anniversary gifts.

ii) Total expense recognized in the consolidated income statement:

	1 January - 31 December 2023	1 January - 31 December 2022
Interest cost	407.593	403.740
Service cost	513.515	286.005
Total net cost recognized in the consolidated statement of income	921.108	689.745

iii) Principal actuarial assumptions used:

	31 December 2023	31 December 2022
Interest rate	25%	22%
Expected rate of ceiling increases	21,5%	18%

For the years ahead, voluntary employee withdrawal of the Group is 2,53% (31 December 2022: 1,78%).

As of 31 December 2023, sensitivity analysis is performed for the significant assumptions of defined benefit obligation:

	Discount Rate		Salary Increase Rate		Employee Withdrawal Rate	
Sensitivity Level	0,25% decrease (24,75%)	0,25% increase (25,25%)	0,25% decrease (21,25%)	0,25% increase (21,75%)	0,25% decrease	0,25% increase
No effect to defined benefit obligation	80.364	(76.045)	(78.203)	82.230	(28.112)	26.201

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

21. PROVISIONS (CONTINUED)

Non-current employee benefits excluding defined benefit obligation

The movement of unused vacation provisions is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
As at 1 January	548.114	573.375
Provision for the period, net	564.062	279.241
Provisions paid	(50.658)	(54.916)
Foreign currency translation difference	(2.353)	(9.450)
Reversals	–	34.026
Inflation adjustment	(355.968)	(274.162)
As at 31 December	703.197	548.114

Other non-current provisions

	31 December 2023	31 December 2022
Provision for the investments under the scope of TFRS Interpretation 12	10.628	17.510
	10.628	17.510

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

22. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS

As of 31 December 2023 and 2022, the shareholders of the Company with their shareholding percentage are as follows:

	31 December 2023		31 December 2022	
	%	TL	%	TL
The Treasury	25	875.000	25	875.000
Turkish Wealth Fund ("TWF") (*)	60	2.100.000	5	1.925.000
Levent Telekomünikasyon A.Ş.	0	–	55	525.000
Public Share	15	525.000	15	175.000
		3.500.000		3.500.000
Inflation adjustment to share capital		49.741.173		49.741.173
		53.241.173		53.241.173

(*) On 10 March 2022, Share Transfer Agreement was signed between the parties regarding the sale of 55% shares of LYY Telekomünikasyon A.Ş. (LYY) to the Turkey Wealth Fund (TVF). The transfer of the said shares was completed on 31 March 2022, after the necessary approvals regarding the completion of the transaction and the fulfilment of the closing conditions.

The Company's share capital is fully paid. Capital of the Company is TL 3.500.000.000, divided into 192.500.000.000 Group "A", 104.999.999.999 Group "B", 1 Group "C", and 52.500.000.000 Group "D" registered shares each with a nominal value of 1 (One) Kuruş. Group D shares are publicly traded. Turkish Wealth Fund is the holder of all Group A shares; SWF is the holder of Group B shares representing 5 percent of the share capital of the Company and Group D Shares representing 1.68 percent of the share capital of the Company; the Treasury is the holder of Group B shares representing 25 percent of the share capital of the Company and C Group share (Golden Share).

The Treasury is the holder of the Preferred Stock (Golden Share) as per the law. This share is non-transferable. It provides certain rights to Treasury in order to protect national interests regarding economy and security: (a) Any proposed amendments to the Company's articles of association, (b) the transfer of any registered shares in the Company which would result in a change in the management control of the Company and (c) the registration of any transfer of registered shares in the Company's shareholders' ledger cannot be realized without affirmative vote of the Golden Share at either a meeting of the Board of Directors or the general assembly. Otherwise, such transactions shall be deemed invalid. The holder of the Golden Share, the Treasury, has one member, representing the Golden Share, among the Board of Directors.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

22. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

Number of members and independent Board members of the Board of Directors to be nominated by the Group A and Group B Shareholders have been revised by the amendment to the article 8 of the Articles of Association at on the Extraordinary General Meeting dated 25 January 2019 Accordingly; The Board of directors shall be composed of nine (9) members nominated by the Group A Shareholder, Treasury and Turkish Wealth Fund.

(a) Turkish Wealth Fund is the Group A Shareholder shall be entitled to nominate five (5) persons for election as Directors;

(b) provided that the Treasury and Turkish Wealth Fund, as Group B Shareholders shall hold;

– 30% or more of the Shares, the Treasury shall be entitled to nominate three (3) persons for election as Independent Board Members who carry the independence criteria as defined in the Capital Markets legislation; or

– 15% or more of the Shares (but less than 30% of the Shares) the Treasury shall be entitled to nominate two (2) persons for election as Independent Board Members who the carry the independence criteria as defined in the Capital Markets legislation;

– During the calculation of 15% and 30% of the Shares mentioned in above paragraphs, the amount of Group B Shares and Group D Shares held by the Treasury and Turkish Wealth Fund shall be considered together.

(c) As long as the Treasury and Turkish Wealth Fund holds 15% or more of the Shares (but less than 30% of the Shares), the Group A shareholder shall be entitled to nominate one (1) person, who carry the independence criteria as defined in the Capital Markets legislation, for election as Independent Board Members and five (5) persons for election as Director.

(d) while the Treasury holds the C Group Privileged Share, the Treasury shall be entitled to nominate, a further one (1) person, for election as Director for the C Group Privileged Share.

The chairman of the board of directors shall be nominated by the directors nominated by the group A shares from among the directors and be elected and removed by the simple majority votes of those present at the meeting of the board of directors.

The Vice Chairman shall be nominated by the directors nominated by the Group B Shares from among the Directors and be elected and removed by the simple majority votes of those present at the meeting of the Board of Directors.

Board resolutions shall be passed by a simple majority of the votes of the directors present at such meeting unless the resolution requires a higher majority vote.

The board of directors shall propose the distribution of the maximum of the Company's profits lawfully available for distribution in each financial year subject to the board of directors making reasonable provisions and transfers to reserves.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

22. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

Based on the articles of association of the Company, the Board of Directors shall by way of a simple majority of those present at the relevant meeting of the Board propose the distribution of the maximum of the Company's profits lawfully available for distribution in each financial year subject to the Board making reasonable provisions and transfers to reserves and complying with the conditions set out below.

Provided that it is not against the legislation regarding capital markets, the net profit may not be distributed, if:

- a) the distribution would result in a breach of any covenant or undertaking given by any Group Company (Group Companies are defined in the articles of association) to any lender or would, in the opinion of the simple majority of those present at the relevant meeting of the board of directors, be likely to cause such breach within the following 12 months; or
- b) the board of directors resolves by way of a simple majority of those present at the relevant meeting of the board that the distribution is materially prejudicial to the interests of any Group Company (as defined in the articles association of the Company) having regard to: (i) implementation of the investment program approved by the board of directors in the business plan or the budget; or (ii) the trading prospects of the Group Companies (as defined in the articles of association of the Company) and the need to maintain the sound financial standing of the group companies.

In accordance with the Turkish Commercial Code, companies are required to assign legal reserves before profit appropriations. The legal reserve consists of first and second legal reserves, allocated in accordance with the Turkish Commercial Code. The first legal reserve is allocated out of last period's statutory profits at the rate of 5% per annum until the total reserve reaches 1/5 of the paid-in share capital (not indexed to the inflation). The second legal reserve is allocated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions

Dividends

The Board of the Directors decided to distribute a dividend of TL gross 10.140.843 and decision was approved on 31 March 2022 at the Ordinary General Assembly Meeting for the 2021 operating year. The cash dividend (0,53501 full Kuruş gross for each share) has been paid in full as of the report date.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

22. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

Other reserves

The amounts transferred directly to equity, instead of statement of profit or loss as of the reporting date are as follows:

	31 December 2023	31 December 2022
Gains on revaluation of property, plant and equipment	5.800.935	3.420.279
Currency translation differences	3.223.235	3.178.063
Cash flow hedge reserve	3.430.254	3.570.233
Gains due to change in fair value of financial liability attributable to change in credit risk of liability	27.783	161.542
Reserve for hedge of net investment in a foreign operation	(5.576.981)	(3.958.535)
Losses on change in value of time value of options	(7.784.036)	(9.523.264)
Gains / (losses) on remeasurements of defined benefit plans	(2.631.604)	(1.452.594)
Repurchased shares (-)	(14.593)	—
	(3.525.007)	(4.604.276)

Reserves on hedges of net investment in foreign operations

The Company recognizes the differences arising on the translation of monetary items that are associated with the hedge of net investment in a foreign operation in other comprehensive income (Note 15).

Cash flow hedge reserve

The Group entered into interest rate swaps in order to hedge its position against changes in interest rates. Accordingly, effective fair value changes of these instruments are recognized directly in equity at cash flow hedge reserve (Note 15).

Earnings/losses per share

The calculation of the basic earnings/losses per share attributable to the ordinary equity holders of the Company is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Weighted average number of ordinary shares outstanding during the year	350.000.000.000	350.000.000.000
Net profit/(loss) for the year attributable to equity holder of the Company	16.421.552	6.909.568
Basic earnings/(losses) per share (in full Kuruş)	4,6919	1,9742

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

22. PAID IN CAPITAL, RESERVES AND RETAINED EARNINGS (CONTINUED)

Earnings/losses per share(continued)

It was published in the Official Gazette dated 30 December 2023 and numbered 32415 (Second Extraordinary) pursuant to the Tax Procedure Law. According to the relevant Communiqué, the balance sheet dated 31 December 2023, prepared in accordance with the Tax Procedure Law, has been corrected by using the Producer Prices General Indices (PPI) published by the Turkish Statistical Institute within the scope of inflation accounting application. The attached financial statements have been subjected to inflation adjustment using the Consumer Price Indices (CPI) published by the Turkish Statistical Institute in accordance with TAS 29, and ultimately the amounts for the current and previous reporting period are expressed in terms of purchasing power as of December 31, 2023. Due to the use of distinct indices in the Tax Procedural Law and TAS 29 inflation accounting application and the adjustment of the amounts from previous reporting periods in the TAS 29 application to bring them to the purchasing power of 31 December 2023: differences have emerged between The amounts included in the balance sheet prepared in accordance with the Tax Procedure Law regarding the items "Inflation Adjustment on Capital", "Premiums (Discounts) Related to Shares", "Restricted reserves appropriated from profits" and "Other Reserves" and the amounts included in the financial statements prepared in accordance with TAS / TFRS. These differences are accounted in the "Retained Earnings or Losses" item in the TAS/TFRS financial statements, and these differences are given in detail below:

	31 December 2023		
	Inflation Adjustments on Capital	Repurchased shares	Legal Reverses
To TAS/TFRS Financial Reports	49.741.173	(14.593)	2.920.660
TO Tax Procedure Law	101.867.993	(13.224)	5.040.686
Differences	52.126.820	1.369	2.120.026

As of 1 January 2022, the amount of "Retained Earnings and Losses" without inflation adjustment is TL 5.378.818, and after inflation adjustment within the scope of TMS 29 and brought to the purchasing power of 31 December 2023 it is TL 5.638.464.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES

Guarantees received and given by the Group are summarized below:

		31 December 2023		31 December 2022	
		Original currency	TL	Original currency	TL
Guarantees received	USD	115.019	3.385.938	102.571	3.160.199
	TL	2.216.402	2.216.402	2.692.065	2.692.065
	EUR	27.476	895.000	30.151	990.394
	GBP	3	112	3	111
		6.497.452		6.842.769	
Guarantees given (*)	USD	197.824	5.823.575	183.789	5.662.504
	TL	1.672.785	1.672.785	2.521.403	2.521.403
	EUR	72.585	2.364.384	75.331	2.474.407
		9.860.744		10.658.314	

(*) Guarantees given amounting to USD 151.500 (31 December 2022: USD 151.500) is related to the guarantee provided to the ICTA by TT Mobil with respect to the TT Mobil Concession Agreement, guarantees given amounting to EUR 12.840 (31 December 2022: EUR 12.840) is related with the guarantee provided for 3G license and guarantees given amounting to EUR 57.281 (31 December 2022: EUR 57.281) is related with the guarantee provided for 4.5G license.

The Company's guarantee, pledge and mortgage (GPM) position as at 31 December 2023 and 31 December 2022 is as follows:

	31 Aralık 2023	31 Aralık 2022
A. GPMs given on behalf of the Company's legal personality	9.860.744	10.658.314
B. GPMs given in favour of subsidiaries included in full consolidation	1.989.017	2.897.957
C. GPMS given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	724.562	1.770.426
Total	12.574.323	15.326.697

Based on law 128/1 of Turkish Code of Obligations, the Group has given guarantee to distributors amounting to TL 724.562 for the financial obligation that would arise during the purchase of devices that will be sold as commitment sales by the Group (31 December 2022: TL 1.770.426). The guarantees has given to the banks TL 319.931 Vakıf Faktoring A.Ş.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other commitments

The Group has purchase commitments for sponsorships, advertising and insurance services at the equivalent to TL 635.884 (31 December 2022: TL 986.116) as at 31 December 2022. Payments for these commitments are going to be made in a 2-year period.

The Group has purchase commitments for fixed assets amounting to USD 34.329, EUR 1.876 and TL 327.247 equivalent to TL 1.398.938 (31 December 2022: TL 4.189.302) as at 31 December 2023.

Türk Telekom concession agreement

The Concession Agreement was entered into between the Company and ICTA on 14 November 2005 following the privatization of the Company and the resultant reduction in the public shareholding to less than 50%. The Concession Agreement covers:

- the performance of the telecommunications services which are within the scope of the Agreement;
- the establishment and operation of necessary telecommunications facilities and the submission of these facilities to the use of other operators or persons and institutions making a demand as per the law;

- the marketing and provision of telecommunications services.

The Concession Agreement places an obligation on the Company, in the event of termination or non-renewal of the Concession Agreement, to transfer all equipment affecting the operation of the system together with all its functions and in good condition, and all immovable properties where such equipment is installed and which the Company uses, to the ICTA, or to any other institution to be designated by ICTA, at no cost.

In case ICTA determines that the Company has not fulfilled its obligations stemming from the Concession Agreement and has not corrected the situation within a period granted to it, or that there is a court decision on bankruptcy or composition against the Company, the Company is granted a grace period of not less than 90 days commencing from written notification by ICTA, to fulfil its obligations. Within this grace period, the Company submits a remedy program for its abovementioned obligations to ICTA. In case ICTA accepts the remedy program, the matters in dispute shall be re-examined at the end of the program provided. If the program is not accepted, then ICTA may terminate the Concession Agreement upon expiry of the period granted to the Company.

The Concession Agreement also places a number of obligations with respect to delivering services on the Company in relation to the provision of telecommunications services.

The Concession Agreement requires that the Company shall meet all payments accrued as a result of the Concession Agreement and the establishment and operation of the telecommunication network in accordance with the applicable legislation or agreements concluded by the Government of the Republic of Turkey. These payments specifically includes the permit and utilization fees for the use of frequencies. In addition, the Company is required to pay the ICTA 0,35% of its net sales revenue, as contribution share towards ICTA's expenses.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Türk Telekom concession agreement (continued)

Under the Concession Agreement, requests for access in relation to the infrastructure should be met to the extent technically possible and without discrimination. The Company is further required to publish reference access and interconnection offers approved by the ICTA.

The Concession Agreement also contains an obligation on the Company to provide universal services. According to article 6 entitled “Revenues for Universal Service” of the Universal Service Law No:5369, the Company declares the amount of 1% of its net sales revenue to the Ministry of Transport, Maritime Affairs and Communications until the end of April of the following year and the company inform up to the following month. This amount shall be transferred within the same period to the account of the central accounting department of the Ministry and shall be registered as revenue in the budget under the name of “Revenues for Universal Service”.

The tariffs to be charged by the Company are subject to the approval of the ICTA unless expressly provided to the contrary in any regulation issued by the ICTA.

The content of customer bills is governed by relevant laws and regulations. It is possible to issue a separate invoice for each service, as well as to issue one single invoice for more than one service rendered to a subscriber. The cost of each service shall be demonstrated separately, in the event of preparation of one single invoice for more than one service. A detailed bill is sent to the subscribers upon request, to the extent technically possible and subject to the payment of a fee.

Other provisions of the Concession Agreement provide for the confidentiality of communications and the establishment of effective methods to answer customer complaints.

TT Mobil GSM and IMT-2000/UMTS concession agreement and IMT Authorization Certificate

Regarding to Gsm and IMT-2000/UMTS concession agreement and IMT Authorization Certificate, the Company shall provide fixed guarantee by cash and/or letter of bank guarantee amounting to 6% of the Company’s Licence fee and right of use fee. In case it is identified that TT Mobil does not fulfil its contractual obligations, ICTA will have the right to record as revenue these guarantees.

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System

A concession agreement was entered into between TT Mobil and the ICTA (“the TT Mobil Concession Agreement”) on 12 January 2005 which replaced and superseded the previous GSM 1800 license agreements in place in relation to Aycell and Aria. After GSM 900 Frequency Band bidding done by ICTA on 20 June, 2008, agreement was rearranged, the contract (“the TT Mobil Concession Agreement”) was rearranged after the Authorization Tender for IMT Services and Infrastructures made by ICTA on 26 August 2015.

The TT Mobil concession agreement covers the establishment, development and operation of a GSM 1800 network and delivery of the system to the Authority or the establishment to be designated by the Authority at the end of the contracted term as being in an operating condition.

Pursuant to the TT Mobil Concession Agreement, TT Mobil was granted to use 75 channels in the 1800 MHz band and 12 channels in the 900 MHz band. The term of the TT Mobil Concession Agreement is 25 years from 11 January 2001.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System (continued)

TT Mobil may apply to the ICTA for renewal between dates 24 and 6 months before the end of TT Mobil Concession Agreement. ICTA may renew the license of TT Mobil by evaluating the renewal request according to legislation on that date.

In the event of expiry or non-renewal, TT Mobil is under an obligation to transfer the network management center, being the central operation units of the GSM 1800 system, gateway switchboards and central subscription works systems (including all kinds of technical hardware), together with all equipment affecting the operation of the system and the immovable properties used by TT Mobil to the ICTA or to the establishment to be designated by ICTA at no cost.

TT Mobil is also committed to renew the network in line with technological improvements and international agreements and maintain the adequacy of the network by means of technology until the end of the agreement.

License fees were paid prior to the issuance of the concession agreement by TT Mobil.

TT Mobil provided a performance bond in the amount of USD 151.500. TT Mobil, additional to that bond, provided performance bond amounting TL 8.808 corresponding to 6% of bidding amount after GSM 900 Additional Frequency Band bidding by ICTA on 20 June 2008. Should the operator is understood to not perform its contractual obligations, the Authority shall record and confiscate the final guarantee as income.

The TT Mobil Concession Agreement provides that the license may be transferred with the approval of the ICTA and within the terms of the Authorization Ordinance. However, no transfer may be made to an entity which already has a GSM 900 or GSM 1800 license in Turkey, or to related parties of such an entity, to the companies or subsidiaries which is owned or managed somehow by shareholders of entity or to the management of such entity and their first and second blood relatives and relative affinities. In cases such issues are determinate; GSM 1800 license given to them by ICTA is cancelled.

Regarding transfer of shares regulation clauses at the date of the transaction will be applied. The approval of the Competition Authority is also required for any change of control, being a transfer of the shares.

Fund payable to the Treasury

TT Mobil will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, amounts obtained by the operator from other mobile operators regarding the installation and operation of the facilities where the mobile base stations are located, remunerations booked in the legal accounting records, which were corrected within the fiscal year, due to the: mistakes in the form or content of the invoice (such as customer information, type, amount, price and amount of the work), mistakes regarding the periods of the service, duplicated;(double charged) invoices, and the accrual amounts accounted for reporting purposes.

Contribution share to the ICTA

TT Mobil shall pay 0,35% of the annual net sales to the ICTA as contribution share to the ICTA's expenses, latest on the last working day of April of the following year.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System (continued)

Coverage area

TT Mobil has guaranteed and undertook to cover (up to 2 Watt outdoors) at least 50% of the population of Turkey within three years after 11 January 2001 and at least 90% of the population of Turkey within five years after 11 January 2001. However, the localities where there are less than 10.000 inhabitants shall not be taken into consideration. This coverage area refers to the area to be covered by TT Mobil alone and will not be contributed by national roaming. Upon request of the ICTA, yearly utmost two settling areas shall be covered with priority by TT Mobil. TT Mobil has completed its related liabilities with respect to coverage at 31 December 2004.

Service offerings

TT Mobil agrees and undertakes to provide the services specified within the frame of GSM memorandum of understanding applied by GSM association including, but not limited to the services specified by GSM license agreement (call forwarding, barring of outgoing and incoming calls, technical assistance for subscribers and free call forwarding to police and other public emergency services).

Service quality

TT Mobil will comply with the telephone service quality standards set down in the International Telecommunication Union ("ITU-T") recommendations in the GSM 1800 international standards. These standards require blocking rate of the licensed indoor network to be 5% and the call failure rate not to be more than 2%.

Tariffs

TT Mobil may freely determine its tariffs provided that these tariffs are not contrary to the regulations of the ICTA.

Emergencies

TT Mobil will take the necessary measures with priority in order to satisfy the requirements and the needs of subscribers and users in emergencies, provided that the public authorities and enterprises will have priority in the case of health and security emergencies or fire and other disasters. TT Mobil has to provide at least two base stations for the use of Ministry of Transport, Maritime Affairs and Communications in emergency.

Investment plans

TT Mobil pursuant to the relevant regulation, until the first day of December every year, TT Mobil will present its investment plan for the following calendar years to the ICTA. These plans will be valid for 3 years and will contain information about the dynamic demand forecasts, and number and locations of the exchange stations, base stations and base control stations to be established, the period of operation, and the investment costs. Within 120 days of receipt of the investment plan, the ICTA will approve the compliance of plans to the article 6th of the agreement. Investment plan will be presented so as to inform the ICTA after the requirements arising from the article 6th of the agreement are met.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement for Licensing of Establishment and Operation of GSM-1800 Digital Cellular Mobile Telephone System (continued)

National roaming

TT Mobil may enter into contracts with other licensed GSM networks in Turkey for national roaming purposes. Roaming contracts and the financial clause of the contracts has to be presented to ICTA before signature procedures completed.

Suspension of operations

If deemed necessary for public security and national defence in case of war, general mobilization, etc. the Authority may temporarily or permanently suspend all or a part of the operational activities of TT Mobil and may directly operate the network. The period of suspension as above will be added to the term of the license and the income of such a period, if any, will belong to TT Mobil.

Termination of the agreement by the ICTA

The ICTA may cancel the license or terminate the Agreement for the following reasons;

- i) A final judgment of the competent courts for insolvency of TT Mobil or its composition with creditors,
- ii) Determination of the failure of TT Mobil to perform its contractual obligations hereunder and to remedy its default in a reasonable period of time granted,
- iii) Determination that TT Mobil extends its activities beyond the frequencies allocated hereunder or other frequencies that may be allocated by the ICTA to TT Mobil for use in the GSM 1800 System, and failure of TT Mobil to cease such activities in a reasonable period of time granted,
- iv) Failure of TT Mobil to pay the license fees hereunder.

However, that except for point (iv) above, TT Mobil will be given the opportunity to fulfil its obligations within a period not less than 90 days of written notice by the ICTA. During this period of time, TT Mobil will furnish to the ICTA a corrective action program for fulfilment of its obligations. If this program is accepted by the ICTA, the points of disagreement will be revised at the end of the program. If this program is not acceptable, the ICTA may terminate the Agreement at the end of the time period provided to TT Mobil.

Upon termination of the Agreement, TT Mobil shall transfer all of the GSM 1800 system equipment to the ICTA without any remuneration.

Insurance

TT Mobil will maintain adequate all risk insurance for the telecommunication facilities and services established and operated until the end of the license term.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services

The Concession Agreement with ICTA has been signed on 30 April 2009 and TT Mobil has been granted with 3G license for an amount of EUR 214.000 excluding VAT. The term of the license is 20 years effective from the signature date of the Agreement. 3G services have been launched on 30 July 2009. The contract ("the TT Mobil Concession Agreement") was rearranged after the Authorization Tender for IMT Services and Infrastructures made by ICTA on 26 August 2015.

According to this Agreement;

- i. TT Mobil shall provide subscribers' and users' 112 calls and other emergency situation calls to public security institutions and other public institutions, and to direct those calls to the centers requested by the said institutions, free of charge bearing all costs.
- ii. TT Mobil shall keep at least 2 units of IMT-2000/UMTS mobile base stations to be used in emergency situations under the request of the Ministry of Transport and Communication.
- iii. Within the first 5 years by the signature of the Agreement, TT Mobil shall obtain the approval of the ICTA for each assignment of TT Mobil shares in ratio exceeding 10% to persons and entities other than the current shareholders and subsidiaries of the current shareholders. Any type of share assignment leading a change in the control of TT Mobil shall be subject to the approval of the ICTA.
- iv. TT Mobil has granted a bank letter of guarantee amounting to EUR 12.840 which is 6% of the license fee, for to act as final guarantee. Should the TT Mobil is understood to not perform its contractual obligations; ICTA shall record and confiscate the final guarantee as income. In such confiscation of final guarantee as income is realized, TT Mobil shall grant new final guarantee within 30 days. Should the new final guarantee not granted within the said period, the Agreement might be terminated.
- v. During the term of the Agreement, TT Mobil shall each year submit its investment plan related to the subsequent calendar year, till 1 December to the ICTA. This plan shall be prepared for three years and shall include such information as the number, location, coverage areas, investment costs with respect to exchange centres, base stations and control stations to be established, as well as the realization ratio of the previous year's investment plan and reasons of deviation, if any.
- vi. TT Mobil will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, and the accrual amounts accounted for reporting purposes.
- vii. TT Mobil shall pay 0.35% of the annual net sales to the ICTA as contribution share to the ICTA's expenses, latest on the last working day of April of the following year.

Coverage Area Obligations:

Following the signature of the Agreement, TT Mobil shall have under coverage the population within the borders of;

- metropolitan municipalities within 3 years,
- all the municipalities of all provinces and districts within 6 years,
- all the residential locations having a population of more than 5.000 within 8 years,
- residential locations having a population of more than 1.000 within 10 years.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Coverage Area Obligations: (continued)

These are the areas which are to be covered by TT Mobil alone and this obligation shall not be fulfilled through roaming.

TT Mobil should maintain service quality in accordance with ICTA regulations, ETSI (European Telecommunications Standards Institute) standards and ITU (International Telecommunication Union) standards, decisions and recommendations given by ITU.

Upon request of the ICTA, yearly utmost two settling areas shall be covered with priority by TT Mobil.

If there is any delay in fulfilment of the coverage area obligations, except the force major conditions, an administrative fine shall be applied within the frame of Relevant Legislation. If there is any delay in fulfilment of the coverage area obligations for a period of more than two years, then the Agreement might be terminated by the ICTA.

The Investments for hardware and software being used in the electronic communications network

Except for the investments made in the lease of place, towers, piles, pipes, containers, channels, energy transfer lines and similar infrastructure plants; each year TT Mobil shall fulfil the following requirements for its investments related to electronic communications network (hardware, software etc.);

a) To procure at least 40% of such investments from vendor companies employing a R&D center established in Turkey and engaged in developing R&D projects in relation with the information and communication technologies provided at least 200 engineers functioning in such company in the first year after the signature of the Agreement, at least 300 engineers in the second year and at least 500 engineers for the third and subsequent years or from vendor companies employing a R&D center with at least 150 engineers functioning in the first year after the signature of the Agreement, at least 250 engineers in the second year and at least 350 engineers for the third and subsequent years however such company to employ also a Technical Assistance Centre with at least 50 engineers in the said first year, at least 100 engineers in the second year and at least 150 engineers in the third and subsequent years.

A vendor company may not establish the R&D center and Technical Assistance Centre together with another vendor company; but may establish with a company, organization or institution resident in Turkey. The vendor company shall have at least 50% share of such centers. Said organization or institution resident in Turkey shall not employ other R&D centers and Technical Assistance Centers that have been established together with other vendor companies functioning in information and communication technologies area.

The university associates may also be employed part time, as engineers to be employed by the vendor company. The number of the university associates may not exceed 5% of the total number of engineers stated above.

TT Mobil is obliged to perform its investments regarding the electronic communications network by auditing and determining whether vendor companies comply with the foregoing terms and conditions.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

The Investments for hardware and software being used in the electronic communications network (continued)

b) To procure at least 10% of such investments from the vendors in quality of Small and Medium Sized Entities and established in Turkey for the purpose of product and system development. All the independent software and hardware units to be used in the network of TT Mobil shall have open interface connections with each other.

ICTA may perform audits regarding the execution of this obligation or may commission another organization or institution to perform such auditing when deems necessary. The costs to arise from such audits shall be paid by TT Mobil.

Should TT Mobil is understood to procure goods and services through methods against the foregoing terms and conditions, an administrative monetary penalty shall be applied to TT Mobil up to 1% of its turnover of the previous calendar year.

Should TT Mobil not perform the said obligations, a penalty as 40% of total amount of its investments in the network (hardware, software etc.), except for the investments for lease of place, towers, piles, pipes, containers, channels, energy transfer lines and similar infrastructure plants, shall be applied separately to TT Mobil for each year. This clause is valid for the first three years following the signature date of the Agreement. Annual periods start with the signing of the concession agreement.

Termination of the Agreement by ICTA:

The Authority might terminate the Agreement for the following reasons;

- A bankruptcy or bankrupt's certificate decision on TT Mobil given by the judicial authorities,
- TT Mobil not performing some of its contractual obligations and not correcting such breach in the given period,
- TT Mobil operating under the frequencies other than the ones allocated to itself by ICTA,
- Termination of TT Mobil Concession Agreement
- TT Mobil not performing national roaming obligation stated in the contract

In such circumstances, ICTA gives TT Mobil the opportunity to fulfil its obligations within 90 days after the written notice. In case TT Mobil cannot fulfil all the obligations within this period, the Agreement will be terminated by ICTA. The license fee or any other fee is not reimbursable in case of a termination of agreement. In the case of cancellation of agreement by ICTA, TT Mobil will alienate all data and documents which constitute system, software affecting the running of system (including tower, beam, blare, container, channel, energy transmission lines, antenna etc), stated and in the usage of TT Mobil to ICTA or to the entity ICTA enounces by making sure that there is no pledge, mortgage, levy and related legal blockages on them and they are free of cost and works free of problems.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

The Investments for hardware and software being used in the electronic communications network (continued)

Termination of the Agreement by ICTA (continued):

The contract (“the TT Mobil Concession Agreement”) was rearranged after the Authorization Tender for IMT Services and Infrastructures made by ICTA on 26 August 2015.

TT Mobil has been authorized to provide IMT service and Limited Use Authorization Certificate on 27 October 2015.

According to the Authorization Certificate;

- i) TT Mobil shall provide emergency call services in line with the regulations of ICTA, free of charge bearing all costs and comply with the regulations of ICTA in relation to this matter.
- ii) TT Mobil shall keep at least 2 mobile base stations so as to be used for the provision of IMT services upon the Ministry’s request, in the case of disaster and emergency.
- iii) Within the first 5 years by the signature of the Agreement, TT Mobil shall obtain the approval of the ICTA for each assignment of TT Mobil shares in ratio exceeding 10% to persons and entities other than the current shareholders and subsidiaries of the current shareholders. Any type of share assignment leading a change in the control of TT Mobil shall be subject to the approval of the ICTA.
- iv) TT Mobil has granted a bank letter of guarantee amounting to EUR 57.300 which is 6% of the total fee, for to act as final guarantee. Should be understood that TT Mobil to not perform its contractual obligations; ICTA shall record and confiscate the final guarantee as income. In such confiscation of final guarantee as income is realized, TT Mobil shall grant new final guarantee within 30 days. Should the new final guarantee not granted within the said period, the Authorization might be terminated by ICTA.
- v) TT Mobil will pay an amount equal to 15% of the gross sales on a monthly basis to the Treasury, except for the default interest imposed on their subscribers for their late payments, indirect taxes, financial obligations such as charges and fees, and the accrual amounts accounted for reporting purposes.
- vi) TT Mobil shall pay the administrative fee at the rate and in the way determined by ICTA in accordance with the applicable law.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Coverage Area Obligations:

Following the authorization, TT Mobil shall put at least

- 95% of Turkey's population within 8 years
- 90% of the population in each province and district within 8 years
- 99% of highways, high speed and very high speed train routes and tunnels longer than 1 km within 3 years
- 95% of divided highways within 6 years
- 90% of conventional train routes within 10 years
- 99% of highways, high speed and very high speed train routes and tunnels longer than 1 km added after the first year within 2 years of its entering into service
- 95% of divided highways added after the fourth year within 2 years of its entering into service
- 90% of conventional train routes added after the eighth year within 2 years of its entering into service under coverage

Areas covered by TT Mobil pursuant to the IMT-2000/UMTS Concession Agreement shall be deemed to be also covered under this authorization on condition that the service quality criteria set forth in the respective article are satisfied. Additionally, areas covered by TT Mobil under this authorization for the purpose of provision of IMT services shall be deemed to be covered in the determination of the coverage obligation of IMT-2000/UMTS services.

Coverage obligation shall be fulfilled by TT Mobil on its own and not through national roaming. However, TT Mobil shall be entitled to share radio access network in the areas under the coverage obligation.

Maximum two settlements per year shall be primarily brought by TT Mobil under coverage upon ICTA's request and under the service quality standards determined for such areas.

In the event that the fulfilment of coverage obligation is delayed for any reason other than force majeure events, administrative fine shall be applied pursuant to the applicable law. In the event that the fulfilment of the coverage obligation is delayed for more than two (2) years, the Authorization might be terminated by ICTA.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Service quality obligation:

TT Mobil shall ensure data download at minimum 2 Mbps in the areas subject to coverage obligation at a probability of 95% per user. The matters related to the inspection of this obligation shall be determined by ICTA.

These data transmission speeds are minimum values and ICTA shall determine service quality obligations required to be ensured by TT Mobil taking into account ETSI standards, ITU standards, decisions and recommendation, our national development targets, technological improvements and user requirements.

Sharing the Radio Access Network:

On condition that the provisions of the applicable law are not breached, TT Mobil may install and operate the radio access network to be installed for the provision of IMT services together with other operators authorized to provide IMT services and further, lease necessary transmission lines from authorized operators in order to materialize the connections within the radio access network.

This right shall not remove the obligations of TT Mobil under the authorization and shall not constitute a reason for non-fulfilment of such obligations. TT Mobil shall not avoid fulfilling its obligations under the authorization due to reasons arising from the sharing. TT Mobil shall, in the case of sharing, be obliged to take all measures required to prevent any interruption of services it provides under the authorization.

In all settlements having a population less than 10.000, TT Mobil shall, following the authorization, be obliged to:

- a) install antenna facilities to be installed under the authorization (excluding in-building antenna facilities) in such manner that facilitates active sharing of radio access network with other operators and share such facilities with the operators,
- b) In the event that there exists any antenna facilities installed by other operators at the settlements in question following the authorization for the antenna facilities to be newly installed by TT Mobil under this authorization, TT Mobil shall use such antenna facility by active sharing of radio access network.

Following this authorization, the antenna facilities newly installed under IMT-2000/UMTS Concession Agreements shall also be subject to the obligation prescribed by this paragraph.

TT Mobil shall be obliged to actively share radio access network in the antenna facilities to be newly installed under this authorization in order to cover highways, high speed railways and divided highways following the authorization. Following this authorization, the antenna facilities newly installed under IMT-2000/UMTS Concession Agreements shall also be subject to the aforementioned obligation.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Investments and communication services related to the hardware and software used in the network

Except investments made for property lease, tower, pole, pipe, container, conduit, power transmission lines and similar infrastructure; TT Mobil shall, following the authorization, be obliged to provide:

a) At least 40% of its investments and communication services related to the network (such as hardware, software); Within two (2) years, from supplier companies established in Turkey as to develop R&D projects in the field of information and communication technologies, employing at least 500 engineers and 100 researchers; within four (4) years, from supplier companies having a R&D center, employing 500 engineers and 250 researchers, or within two (2) years, from supplier companies established in Turkey as to develop R&D projects in the field of information and communication technologies, employing at least 350 engineers and 100 researchers and also within two (2) years from supplier companies having a Technical Assistance Center employing at least 150 engineers, within four (4) years from supplier companies having R&D center employing 350 engineers and 250 researchers and within four (4) years from supplier companies having a Technical Assistance Center employing at least 150 engineers.

b) At least 10% of its investments from products produced in Turkey and from SMEs established to develop products and systems in Turkey.

Up to 60 within 2 years and up to 150 within 4 years following the authorization, of the personnel of TT Mobil employed in the status of researcher at the R&D center established by TT Mobil for the purpose of developing R&D projects in the field of information and communication technologies shall be taken into account under the obligation related to the number of the researchers set forth in the sub-paragraph (a) of this paragraph provided that such center is organized as an independent unit under TT Mobil's organization or all shares of the center are owned by TT Mobil.

Teaching staff of universities who work part-time at R&D centers under the applicable law or while working at universities carry out academic studies requested by the supplier and/or TT Mobil may be included in the researchers to be employed by the supplier and/or TT Mobil at R&D centers. The number of teaching staff may not exceed 10% of total number of researchers referred to in this subparagraph (a).

A supplier company may establish R&D and technical assistance centers together with institutions or bodies, except other suppliers, established in Turkey, which operate in the field of information and communication technologies and do not have a R&D or technical assistance center established with other suppliers. The supplier companies must hold at least 50% of the shares of such centers.

All independent software and hardware units to be used by TT Mobil in the network shall be interconnected through explicit interfaces.

TT Mobil shall be obliged to materialize its investments and communication services relating to the network (such as hardware, software) by checking and verifying whether or not the supplier companies and Small Entities ("SME") fulfil the conditions stated above.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Investments and communication services related to the hardware and software used in the network (continued)

TT Mobil shall be obliged to supply its investments and communication services relating to the network (hardware or software such as base station, switching, router), except investments relating to property lease, tower, pole, container, channel, power transmission lines and similar facilities, from the products determined to be domestic product under the Law No 4734 and applicable law at least by 30% within the first year, at least by 40% within the second year and at least by 45% within subsequent years following the authorization. Such items among the products supplied by the supplier companies and SMEs to TT Mobil, which are determined to be domestic products shall be taken into account under this obligation. TT Mobil contemplating that it will not be able to fulfil its obligations set forth in this paragraph due to the availability condition of the products determined to be domestic products, supply capacity of the producers and other conditions shall apply to ICTA indicating the reasons, no later than six (6) months before the expiry of the obligation period. ICTA may reduce or terminate the obligation for the respective period if it deems necessary.

Additional to the obligation in the paragraph above; investments specified in the paragraph above, to be measured for periods of 4 years, following the authorization TT Mobil shall be obliged to supply from the products determined to be domestic product under the Law No 4734 and applicable law a minimum average of 30% in the first 4 years, 40% in the second 4 years and 45% in the third 4 years. Such items among the products supplied by the supplier companies and SMEs to TT Mobil, which are determined to be domestic products shall be taken into account under this obligation. TT Mobil contemplating that it will not be able to fulfil its obligations set forth in this paragraph due to the availability condition of the products determined to be domestic products, supply capacity of the producers and other conditions shall apply to ICTA indicating the reasons, no later than six (6) months before the expiry of the obligation period. ICTA, provided that Ministry's opinion to be taken, may reduce or terminate the obligation for the respective period if it deems necessary.

Whether or not the obligations under this article have been fulfilled shall be evaluated with the obligations of TT Mobil under the IMT-2000/UMTS Concession Agreement.

Cancellation of Authorization:

ICTA may terminate the Authorization Certificate for the following reasons;

- A bankruptcy or bankrupt's certificate decision on TT Mobil given by the judicial authorities,
- TT Mobil not performing some of its contractual obligations and not correcting such breach in the given period,
- TT Mobil operating under the frequencies other than the ones allocated to itself by ICTA and not ceasing these operation within the given period,
- Termination of one of TT Mobil's Concession Agreements signed earlier,
- TT Mobil not performing its obligations stated in the article related to confidentiality of the communication, national security and public order

In such circumstances, ICTA gives TT Mobil the opportunity to fulfil its obligations within 90 days after the written notice. In case TT Mobil cannot fulfil all the obligations within this period, the Authorization Certificate will be terminated by ICTA.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

23. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Concession Agreement of the Establishment and Operation of IMT2000/UMTS Infrastructures and Provision of Services (continued)

Cancellation of Authorization (continued)

The license fee or any other fee is not reimbursable in case of a termination of agreement. In the case of cancellation of agreement by ICTA, TT Mobil will alienate all data and documents which constitute system, software affecting the running of system (including tower, beam, blare, container, channel, energy transmission lines, antenna etc), stated and in the usage of TT Mobil to ICTA or to the entity ICTA enounces by making sure that there is no pledge, mortgage, levy and related legal blockages on them and they are free of cost and works free of problems.

Legal proceedings of Türk Telekom

Disputes between the Group and the ICTA

The Company has filed various lawsuits against ICTA. These lawsuits are related with the sector-specific and tariff legislations and legislations with respect to the other operators in the market. The sector-specific disputes generally stem from the objections with respect to the provisions of interconnection legislation, legislation with respect to telecommunication services and infrastructure. According to the Article 99 of the Law numbered 7061 “Legislation on Amendment of Certain Tax Legislation and Other Certain Legislation” which was published on the Official Gazette numbered 30261 on 5 December 2017 and according to the sub-article 9 added to the Article 60 of the Law numbered 5809; customer returns that are not repaid to the customers within the 2-year period, shall be transferred to the Ministry of Transport and Infrastructure of the Republic of Turkey as revenue under the name of “Revenues for Universal Service”. As of 31 December 2023, TL 43.620 provision provided for ICTA penalties and amounts to be repaid to customers or to the Ministry of Transport and Infrastructure of the Republic of Turkey due to ICTA resolutions (31 December 2022: TL 38.870).

Other issues

Provision has been provided in the consolidated financial statements for the probable court cases against the Group based on the lawyers’ assessments. The provision for such court cases is amounting to TL 237.837 as at 31 December 2023 (31 December 2022: TL 180.431). For the rest of the cases, Group lawyers commented that basis of those cases are not realistic and should be appealed. Therefore, no provision has been provided for these cases.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

24. SUPPLEMENTARY CASH FLOW INFORMATION*Other explanations*

	Issued debt instruments	Bank borrowings	Lease liabilities	Derivative financial assets, net	Total
1 January 2023 opening balance	(31.388.784)	(35.180.687)	(2.503.918)	6.493.296	(62.580.093)
Cash flows	(4.447.821)	(32.975.635)	–	(9.864.547)	(47.288.003)
Acquisition	3.545.178	29.676.789	2.311.448	1.182.530	36.715.945
Other non-cash changes	(14.700.645)	(13.541.247)	(2.822.834)	358.871	(30.705.855)
Inflation effect	16.504.705	18.510.411	1.133.583	(2.629.019)	33.519.680
31 December 2023 closing balance	(30.487.367)	(33.510.369)	(1.881.721)	(4.458.869)	(70.338.326)

	Issued debt instruments	Bank borrowings	Lease liabilities	Derivative financial assets, net	Total
1 January 2022 opening balance	(35.892.538)	(40.880.589)	(3.896.229)	9.669.223	(71.000.133)
Cash flows	(4.172.129)	(18.007.709)	–	(8.403.450)	(30.583.288)
Acquisition	2.688.329	15.005.361	2.554.653	2.176.366	22.424.709
Other non-cash changes	(9.673.226)	(10.977.980)	(2.727.743)	5.154.582	(18.224.367)
Inflation effect	15.660.780	19.680.230	1.565.401	(2.103.425)	34.802.986
31 December 2022 closing balance	(31.388.784)	(35.180.687)	(2.503.918)	6.493.296	(62.580.093)

“Other outflows of cash” in net cash used in operating activities amounting to TL 202.571 represents change in restricted cash (Note 4). “Other inflows of cash, net” in net cash used in financial activities amounting to TL 1.094.058 represents change in other financial payment. “Other adjustment for noncash items” in adjustments to reconcile net profit to cash provided by operating activities amounting to TL 800.576 represents change in TFRS Interpretation 12 (31 December 2022: TL 674.159).

25. SUBSEQUENT EVENTS

None.

26. REVENUE

	1 January - 31 December 2023	1 January - 31 December 2022
Mobile	37.818.126	31.397.236
Broadband	28.127.767	27.648.013
Corporate data	6.472.925	5.716.336
Fixed voice	5.146.814	5.938.823
International revenue	5.137.569	5.300.509
Other	17.481.457	15.400.010
	100.184.658	91.400.927

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

27. OPERATING EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of sales (-)	(78.315.943)	(70.387.137)
General administrative expenses (-)	(13.021.833)	(11.305.910)
Marketing, sales and distribution expenses (-)	(10.383.129)	(9.017.485)
Research and development expenses (-)	(1.295.092)	(967.520)
	(103.015.997)	(91.678.052)

28. EXPENSES BY NATURE

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	(22.285.716)	(15.241.681)
Taxes	(9.397.882)	(7.951.623)
Repair and maintenance expenses	(5.419.302)	(5.331.030)
Utilities	(5.117.195)	(4.742.713)
Cost of sales and cost of equipment sales of technology companies	(4.636.900)	(3.753.008)
International interconnection	(3.848.166)	(3.953.970)
Domestic interconnection	(2.273.205)	(3.040.884)
Other expenses	(14.549.647)	(13.163.949)
Total operating expenses (excluding depreciation and amortization expense)	(67.528.013)	(57.178.858)
Depreciation, amortization	(35.477.069)	(32.668.971)
Impairment expenses	(10.915)	(1.830.223)
Total operating expenses	(103.015.997)	(91.678.052)

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

29. OTHER OPERATING INCOME / (EXPENSE)

	1 January - 31 December 2023	1 January - 31 December 2022
Interest and discount gains	1.109.189	59.239
Rental income	358.235	363.336
Litigation and indemnity income	385.857	–
Foreign exchange gains	309.415	457.055
Curtailement and settlement gain	245.887	128.675
Other	666.712	464.971
Other operating income	3.075.295	1.473.276
Foreign exchange losses	(3.300.920)	(1.435.444)
Litigation provision, compensation and penalty expenses (*)	(433.418)	(238.108)
Interest expenses on employee benefit obligations (Note 21)	(407.593)	(403.740)
Discount losses	(334.134)	(129.675)
Other	(626.143)	(348.397)
Other operating expense (-)	(5.102.208)	(2.555.364)

(*) Litigation, compensation and penalty expenses mainly consist of ICTA fines, customer return provisions and lawsuit provisions, reconstituted administrative fine of the Ministry of Commerce settled within the scope of Law no.7326 and tax assessments.

30. INCOME / (EXPENSE) FROM INVESTING ACTIVITIES

	1 January - 31 December 2023	1 January - 31 December 2022
Fair value gains on currency-protected deposits	4.046.053	2.790.426
Gain from scrap sales	452.846	2.174.885
Gain on sales of property, plant and equipment	90.884	102.617
Other	89.908	–
Income from investing activities	4.679.691	5.067.928
Losses from sales on property, plant and equipment	(47.457)	(136.056)
Expense from investing activities (-)	(47.457)	(136.056)

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

31. FINANCIAL INCOME / (EXPENSE)

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange and derivative instruments gains	9.968.231	4.994.958
Interest income on bank deposits	2.077.029	540.663
Gains on change in fair value of bills, bonds and notes issued	–	1.096.111
Other	52.979	19.177
Financial Income	12.098.239	6.650.909
Exchange rate difference and futures	(24.068.215)	(19.212.456)
Interest expense	(6.806.815)	(6.201.087)
Foreign exchange and derivative instruments loss	(271.251)	–
Other	(477.585)	(405.439)
Financial expenses	(31.623.866)	(25.818.982)
Financial expenses, net	(19.525.627)	(19.168.073)

32. TAXATION ON INCOME

	31 December 2023	31 December 2022
Corporate tax payable:		
Current corporate tax provision	272.923	691.267
Prepaid taxes and funds (-)	(255.455)	(580.006)
Tax payable	17.468	111.261

	1 January - 31 December 2023	1 January - 31 December 2022
Tax expense:		
Current tax expense:		
Current income tax expense	(272.923)	(691.267)
Adjustments in respect of income tax of previous year	1.197	2.974
Deferred income (Note 11) :		
Deferred tax income	13.263.044	54.368
	12.991.318	(633.925)

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

32. TAXATION ON INCOME (CONTINUED)

As of 31 December 2023 deferred tax expense amounting to TL 525.184 (31 December 2022: TL 480.578 income) are recognized in the consolidated statement of other comprehensive income.

The Company and its subsidiaries located in Turkey are subject to taxation in accordance with the tax regulations and the legislation effective in Turkey where the Group companies operate. Corporate tax returns are required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid in one instalment by the end of the fourth month.

In Turkey, corporate tax rate is 25% as of 31 December 2023. However, the corporate tax rate will be applied as 25% for the corporate income for the 2022 taxation period and 23% for the corporate income for the 2022 taxation period in accordance with the article 11 of the Law No. 7316 on the Procedure for Collection of Public Claims and the Law Amending Some Other Laws and included to the temporary article 13 of Law No. 5520 Corporate Tax Law which are published in the Official Gazette numbered 31462 on 22 April 2021. As of the twelve months period ended 31 December 2023, corporate tax provisions have been calculated and accrued at 25%.

The tax legislation provides for a temporary tax of 25% to be calculated and paid based on earnings generated for first three quarters for the period ended 31 December 2023. The amounts thus calculated and paid are offset against the final corporate tax liability for the year.

In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Dividend payments made to resident and non-resident individuals, non-resident legal entities and corporations resident in Turkey (except for the ones exempt from corporate and income tax), are subject to an income tax of 15%.

Dividend payments made from a corporation resident in Turkey to a corporation also resident in Turkey are not subject to income tax. Furthermore, income tax is not calculated in case the profit is not distributed or transferred to equity.

The dividend income (excluding the participation certificates of investment funds and profit shares derived from the share certificates of investment trusts) derived by entities from the participation in the capital of another resident entity is exempt from corporate tax. Furthermore, 50% of the income derived by entities from the sale of participation shares and real estates (immovable property) preferential rights, founders' shares and redeemed shares which are carried in assets at least for two years is exempt from corporate tax as of 31 December 2023.

In order to be able to benefit from the exemption, the relevant income should be kept under a fund account in the liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

32. TAXATION ON INCOME (CONTINUED)

The reconciliation between tax expense and the product of accounting profit multiplied by applicable tax is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Profit / (loss) before tax:	3.430.234	7.543.493
Tax at the corporate tax rate of (25%) (2022:23%)	(857.559)	(1.735.003)
Tax effects of:		
-Expenses that are not deductible in determining taxable profit	(179.079)	(704.457)
-Tax rate difference of subsidiaries	(6.440)	(3.706)
-Deferred tax asset recognition from cash capital increase	47.148	(278.801)
-Deferred tax asset recognition from investment allowances and previous years' tax losses carried forward by subsidiaries	1.773.361	(704.675)
-Deferred tax effect resulting from investment incentive	1.447.797	190.442
-R&D investment incentive	547.097	329.576
-Effects of tax rate changes	—	304.793
-Previously unrecognised tax loss temporary difference of a prior period	861.658	711.432
-Adjustments and tax losses of subsidiaries not subject to deferred tax and other	52.412	78.731
-Inflation effects	9.304.923	1.177.743
Tax income / (expense) for the year	12.991.318	(633.925)

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk policies of the Group are managed centrally with the support of a committee. All Group companies meet their cash needs determined in business plans approved by their boards, by using credits or capital increase with guidance of the central management. The Group may choose long or short term financing according to their financing needs and market assumptions. Long-term loan agreement of 200.000 Euro was signed on 29 March 2024 for the purpose of financial group formation initiatives and growth plans, excluding the existing credit limits specified in note 4.

The Group's risk management policies are designed to identify and analyze the risks faced by the Group, to determine appropriate risks limits and controls, and to observe commitment to these limits. Risk management policies and systems are constantly under review to reflect changes in the Group's activities and market conditions.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Financial risk factors

The Group's principal financial instruments comprise forward market transactions, bank loans and cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Group's operations and to hedge interest rate risk. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees to policies for managing each of these risks.

Credit risk

	Receivables								
	Trade Receivables		Other receivables		Contract assets		Deposits and banks	Derivative Instruments	Other
	Related Parties	Third Parties	Related Parties	Third Parties	Related Parties	Third Parties			
31 December 2023									
Maximum credit risk exposed to as at the reporting date (A+B+C+D+E)	630.502	12.954.864	—	339.590	—	3.583.620	13.588.322	4.576.314	—
- Guaranteed portion of the maximum risk	—	761.061	—	—	—	—	—	—	—
	630.502	2.213.508	—	339.590	—	3.583.620	13.588.322	4.576.314	—
A. Carrying amount of financial assets not overdue or not impaired	—	—	—	—	—	—	—	—	—
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	—	—	—	—	—	—	—	—	—
C. Carrying amount of financial assets overdue but not impaired	—	10.741.356	—	—	—	—	—	—	—
-Amount secured via guarantees	—	—	—	—	—	—	—	—	—
D. Carrying amount of assets impaired	—	—	—	—	—	—	—	—	—
-Overdue (gross book value)	—	5.764.125	—	114.093	—	—	—	—	—
-Impairment (-)	—	(5.764.125)	—	(114.093)	—	—	—	—	—
E. Off balance sheet items with credit risk	—	—	—	—	—	—	—	—	—

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)***Credit risk (continued)***

	Receivables								
	Trade Receivables		Other receivables		Contract assets		Deposits and banks	Derivative Instruments	Other
	Related Parties	Third Parties	Related Parties	Third Parties	Related Parties	Third Parties			
31 December 2022									
Maximum credit risk exposed to as at the reporting date (A+B+C+D+E)	837.803	13.899.342	—	381.253	—	2.357.699	8.441.734	6.726.493	—
- Guaranteed portion of the maximum risk	—	562.721	—	—	—	—	—	—	—
A. Carrying amount of financial assets not overdue or not impaired	837.803	6.058.405	—	381.253	—	2.357.699	8.441.734	6.726.493	—
B. Carrying amount of financial assets with rediscussed conditions that are considered overdue or impaired if not rediscussed	—	—	—	—	—	—	—	—	—
C. Carrying amount of financial assets overdue but not impaired	—	7.840.937	—	—	—	—	—	—	—
-Amount secured via guarantees	—	—	—	—	—	—	—	—	—
D. Carrying amount of assets impaired	—	—	—	—	—	—	—	—	—
-Overdue (gross book value)	—	6.792.375	—	49.710	—	—	—	—	—
-Impairment (-)	—	(6.792.375)	—	(49.710)	—	—	—	—	—
E. Off balance sheet items with credit risk	—	—	—	—	—	—	—	—	—

Financial losses due to Group's receivables and financial assets which result from not implementing agreement clauses related to financial assets by a customer or other party constitutes credit risk.

When determining the credit risk exposure as at the balance sheet date, items like guarantees received, which increase the credit worthiness have not been considered.

As of 31 December 2023, the maximum credit risk Company exposure is reflected by presenting all financial assets from carrying amount on consolidated balance sheet.

Liquidity risk

Liquidity risk is uncertainty to cover future financial obligations.

The Group's objective is to maintain a balance between current assets and liabilities through close monitoring of payment plans and cash projections.

The Group manages current and long-term funding by maintaining adequate reserves, banking facilities, reserve borrowing facilities and loan agreements with suppliers through continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)*Liquidity risk (continued)*

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2023 and 2022 based on contractual undiscounted payments (including interest payments not due yet).

Contract based maturities as at 31 December 2023	Book value	Total contract based cash outflow (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities and issued debt instruments	63.997.736	74.137.488	15.709.857	23.258.117	33.239.719	1.929.795
Lease liabilities	1.881.721	2.383.293	387.923	683.726	1.163.599	148.045
Trade payables to unrelated parties	13.890.391	14.073.959	14.058.321	15.638	—	—
Other (*)	3.703.493	3.703.493	3.607.581	—	95.912	—
Derivative financial liabilities, net	117.445	117.445	117.445	—	—	—
Contract based maturities as at 31 December 2022	Book value	Total contract based cash outflow (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial liabilities and issued debt instruments	66.569.470	76.783.053	5.990.489	17.464.266	51.750.738	1.577.560
Lease liabilities	2.503.918	3.178.814	485.266	854.773	1.595.483	243.292
Trade payables to unrelated parties	15.320.861	15.617.033	15.616.785	248	—	—
Other (*)	3.329.130	3.329.130	2.300.853	—	1.028.277	—
Derivative financial liabilities, net	233.198	233.198	233.198	—	—	—

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

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk

Foreign Currency Risk

	31 December 2023				31 December 2022			
	Total TL Equivalent	USD	EUR	Other	Total TL Equivalent(***)	USD	EUR	Other
1. Trade receivables	1.676.314	41.902	11.602	64.881	1.886.124	45.349	13.661	40.195
2a. Monetary financial assets (Cash and banks accounts included)	4.729.513	49.305	99.124	49.208	3.729.815	115.226	4.579	29.328
2b. Monetary financial assets (Currency protected time deposit) (*)	7.828.281	—	—	—	8.042.306	—	—	—
2c. Non-monetary financial assets	—	—	—	—	—	—	—	—
3. Other	—	—	—	—	316.100	—	9.623	—
4. Current assets (1+2+3)	14.234.108	91.207	110.726	114.089	13.974.345	160.575	27.863	69.523
5. Trade receivables	—	—	—	—	—	—	—	—
6a. Monetary financial assets	—	—	—	—	—	—	—	—
6b. Non-monetary financial assets	—	—	—	—	—	—	—	—
7. Other	3.566	15	96	—	3.613	15	96	—
8. Non-current assets (5+6+7)	3.566	15	96	—	3.613	15	96	—
9. Total assets (4+8)	14.237.674	91.222	110.822	114.089	13.977.958	160.590	27.959	69.523
10. Trade payables	8.440.954	179.822	94.632	64.799	10.098.418	219.923	98.878	74.781
11. Financial liabilities	20.931.524	579.930	118.086	12.920	8.477.484	140.020	126.251	16.474
12a. Monetary other liabilities	—	—	—	—	—	—	—	—
12b. Non-monetary other liabilities	654.862	22.239	6	—	—	—	—	—
13. Short-term liabilities (10+11+12)	30.027.340	781.991	212.724	77.719	18.575.902	359.943	225.129	91.255
14. Trade payables	451	—	—	451	445	—	—	445
15. Financial liabilities	31.611.536	709.383	328.548	26.484	47.462.164	1.265.064	257.518	27.120
16a. Monetary other liabilities	—	—	—	—	—	—	—	—
16b. Non-monetary other liabilities	—	—	—	—	—	—	—	—
17. Long-term liabilities (14+15+16)	31.611.987	709.383	328.548	26.935	47.462.609	1.265.064	257.518	27.565
18. Total liabilities (13+17)	61.639.327	1.491.374	541.272	104.654	66.038.511	1.625.007	482.647	118.820
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	59.597.518	1.680.350	311.018	—	60.855.795	1.670.255	286.040	—
19a. Total asset amount hedged	—	—	—	—	—	—	—	—
19b. Total liability amount hedged	(59.597.518)	(1.680.350)	(311.018)	—	(60.855.795)	(1.670.255)	(286.040)	—
20. Loans defined as hedging instruments (**)	4.886.085	—	150.000	—	4.173.548	—	127.059	—
21. Net foreign currency asset/(liability) position (9-18+19+20)	17.081.950	280.198	30.568	9.435	12.968.790	205.838	(41.589)	(49.297)
22. Net asset/(liability) position of foreign currency monetary items (IFRS 7.B23) (=1+2a+2b+5+6a-10-11-12a-14-15-16a)	(46.750.357)	(1.377.928)	(430.540)	9.435	(52.380.266)	(1.464.432)	(464.407)	(49.297)

(*) The Group has made currency protected time deposits with 180 and 360 days maturity by Group's USD 264.137 of foreign currency deposits.

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

(***) Expressed in terms of purchasing power of Turkish Lira as of 31 December 2023.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)*Market risk (continued)**Foreign currency risk (continued)*

The Group has transactional currency exposures mainly with respect to the financial liabilities and trade payables. Foreign currency denominated borrowings are stated in Note 5.

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

31 December 2023	Profit/Loss		Other comprehensive income	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation of USD against TL by 10%:				
1- USD net asset/liability	(4.121.793)	4.121.793	—	—
2- Hedged portion of USD risk (-)	3.592.715	(3.614.037)	66.676	(68.776)
3- USD net effect (1+2)	(529.078)	507.756	66.676	(68.776)
Appreciation of EUR against TL by 10%:				
4- EUR net asset/liability	(1.402.144)	1.402.144	—	—
5- Hedged portion of EUR risk (-)	1.143.701	(1.141.586)	34.141	(13.855)
6- EUR net effect (4+5)	(258.443)	260.558	34.141	(13.855)
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	944	(944)	—	—
8- Hedged portion of other foreign currency (-)	—	—	—	—
9- Other foreign currency net effect (7+8)	944	(944)	—	—
Total (3+6+9)	(786.577)	767.370	100.817	(82.631)

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

Foreign currency risk (continued)

31 December 2022	Profit/Loss		Other comprehensive income	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Appreciation of USD against TL by 10%:				
1- USD net asset/liability	(4.511.827)	4.511.827	—	—
2- Hedged portion of USD risk (-)	3.615.229	(3.522.774)	74.576	(86.874)
3- USD net effect (1+2)	(896.598)	989.053	74.576	(86.874)
Appreciation of EUR against TL by 10%:				
4- EUR net asset/liability	(1.493.529)	1.493.529	—	—
5- Hedged portion of EUR risk (-)	1.023.537	(1.023.537)	20.139	143.472
6- EUR net effect (4+5)	(469.992)	469.992	20.139	143.472
Appreciation of other foreign currencies against TL by 10%:				
7- Other foreign currency net asset/liability	(4.930)	4.930	—	—
8- Hedged portion of other foreign currency (-)	—	—	—	—
9- Other foreign currency net effect (7+8)	(4.930)	4.930	—	—
Total (3+6+9)	(1.371.520)	1.463.975	94.715	56.598

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The value of a financial instrument will fluctuate as a result of changes in market prices. The Group's interest rate risk is primarily attributable to its borrowings.

The interest-bearing financial liabilities have variable interest rates, whereas the interest bearing financial assets have a fixed interest rate and future cash flows associated with these financial instruments will not fluctuate in amount. The Group is subject to interest risk due to financial liabilities and finance lease obligations. Policy of the Group is to manage this risk through fixed and variable rates borrowings. In order to cover for these risks, the Group has entered into interest rate swaps (Note 15).

The interest rate risk table is presented below:

	31 December 2023	31 December 2022
Financial instruments with fixed interest rate		
Financial assets (*)	11.964.814	5.890.293
Financial liabilities	(39.496.468)	(39.806.006)
	(27.531.654)	(33.915.713)
Financial instruments with variable interest rate		
Financial liabilities	(24.501.269)	(26.763.464)
Effect of hedging	18.873.282	25.919.019
	(5.627.987)	(844.445)

(*) Financial assets consists of cash at banks - time deposit (Note 4).

If the base point of denominated interest rates for financial instruments with variable interest rate was higher 0,25%, with all other variables held constant, the Group's income before tax and minority interest would be lower by TL 14.513 (31 December 2022: TL 23.124) and interest rate was lower 0,25%, with all other variables held constant, the Group's income before tax and minority interest would be higher by TL 14.579 (31 December 2022: TL 24.091) as of 31 December 2023.

On the other side because of hedging, if the base point of interest rate higher/lower 0,25%, equity would have no effect (31 December 2022: would have no effect). If the base point of interest rate lower 0,25%, equity would have no effect (31 December 2022: would have no effect).

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

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

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

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

	Carrying amount		Fair value	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Financial assets				
Cash and cash equivalents	13.591.009	8.444.446	13.591.009	8.444.446
Trade and other receivables				
(including related parties)	17.508.576	17.476.097	17.508.576	17.476.097
Financial investments (*)	8.003.195	8.114.425	8.003.195 (*)	8.114.425 (*)
Derivative financial assets	4.576.314	6.726.493	4.576.314	6.726.493
Financial liabilities				
Bank borrowings	33.510.369	35.180.687	34.030.622	35.073.778
Issued debt instruments	30.487.367	31.388.784	30.382.627	30.499.514
Trade payables and other liabilities				
(including related parties) (**)	17.802.707	18.930.701	17.802.707	18.930.701
Derivative financial liabilities	117.445	233.198	117.445	233.198

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

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

Fair value hierarchy table

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

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

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

Level 3: Valuation techniques does not contains observable market inputs

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

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

	Date of Valuation	Total	Fair Value Measurement		
			Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets measured at fair value:					
<u>Derivative Financial Assets:</u>					
Interest rate swaps	31 December 2023	—	—	—	—
Cross currency swaps (*)	31 December 2023	4.531.191	—	4.531.191	—
Futures	31 December 2023	45.123	—	45.123	—
Commodity derivative (Copper)	31 December 2023	—	—	—	—
Currency protected time deposit	31 December 2023	7.828.281	—	7.828.281	—
Liquid fund	31 December 2023	160.483	160.483	—	—
Financial liabilities measured at fair value:					
Issued debt instruments	31 December 2023	13.334.557	13.334.557	—	—
<u>Derivative Financial Liabilities:</u>					
Interest rate swaps	31 December 2023	97.132	—	97.132	—
Cross currency swaps	31 December 2023	20.292	—	20.292	—
Other financial liabilities not measured at fair value:					
Bank loans	31 December 2023	34.030.622	—	34.030.622	—
Issued debt instruments	31 December 2023	17.048.069	17.048.069	—	—

(*) Consist of cross currency swap, forward and foreign currency swap contracts.

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)
Financial assets measured at fair value:					
<u>Derivative Financial Assets:</u>					
Interest rate swaps	31 December 2022	147.203	—	147.203	—
Cross currency swaps (*)	31 December 2022	6.487.233	—	6.487.233	—
Futures	31 December 2022	73.110	—	73.110	—
Commodity derivative (Copper)	31 December 2022	18.947	—	18.947	—
Currency protected time deposit	31 December 2022	8.042.306	—	8.042.306	—
Liquid fund	31 December 2022	989.005	989.005	—	—
Financial liabilities measured at fair value:					
Issued debt instruments	31 December 2022	13.971.864	13.971.864	—	—
<u>Derivative Financial Liabilities:</u>					
Cross currency swaps (*)	31 December 2022	216.439	—	216.439	—
Commodity derivative (Copper)	31 December 2022	16.759	—	16.759	—
Other financial liabilities not measured at fair value					
Bank loans	31 December 2022	35.073.778	—	35.073.778	—
Issued debt instruments	31 December 2022	16.527.650	16.527.650	—	—

(*) Consist of cross currency swap, forward and foreign currency swap contracts.

TÜRK TELEKOMÜNİKASYON ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units and are expressed in terms of purchasing power of Turkish Lira as of 31 December 2023 unless otherwise stated.)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

34. INDEPENDENT AUDIT FEES AND OTHER FEES RELATED SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees related to the services received by the Group from the independent auditor/independent audit firm are presented below:

	1 January - 31 December 2023	1 January - 31 December 2022
Audit fee for the year	34.063	32.841
Fees for tax advisory services	4.065	2.737
Fees for other assurance services	307	458
Total	38.435	36.036