



TÜRK TELEKOM GROUP
2021 SECOND QUARTER
FINANCIAL AND OPERATIONAL
RESULTS

August 9, 2021

STRONG Q2'21 PERFORMANCE PROMPTS ANOTHER UPWARD REVISION TO 2021 GUIDANCE

Türk Telekom Group announced its Q2'21 financial and operational results. The Group continued its robust performance in the second quarter of 2021 with towering revenues in fixed broadband and mobile businesses, alongside higher than expected operating profit. In Q2'21, consolidated revenues increased by 17.4% YoY, while EBITDA grew to TL 4.0 billion with an EBITDA margin of 49.2%. Net income rose to TL 1.3 bn with 29.8% growth YoY. Net Debt/EBITDA improved to 1.08x, in spite of high volatility in FX rates.

Türk Telekom CEO Ümit Önal said: “Our company has been going through an amazing transformation in a rapidly changing world. Through turbulent times we stood calm and mighty, accumulated experiences and expanded our capabilities. On our mounting strengths and know-how, we act responsibly with determination and agility, in order to deliver what our customers and stakeholders deserve. As such, we are not only proud of our outstanding first half performance, but also encouraged to once again revise our 2021 guidance upwards. We now expect our operating revenues to grow 17% YoY, our EBITDA to be TL 15.8 billion and our capex to be TL 8.5 billion. I am truly excited about experiencing the post-pandemic world and I look forward to facing the new ventures ahead of us together with the entire Türk Telekom family.”

2nd Quarter 2021 Financial Highlights

Consolidated revenues increased to TL 8.2 bn, up by 17.4% YoY. Excluding IFRIC 12 accounting impact, revenue growth was 19.0% YoY.

Consolidated EBITDA grew 24.3% YoY to TL 4.0 bn with an EBITDA margin of 49.2%. Excluding IFRIC 12 impact, EBITDA margin was 52.2%.

Operating profit increased by 29.4% YoY to TL 2.5 bn.

Net income was TL 1,272 mn in Q2'21 compared to TL 980 mn in Q2'20, up 29.8% YoY despite unfavourable FX movements during the quarter, thanks to our sound FX risk management policy.

Capex was realised at TL 1,407 mn in Q2'21.

Unlevered free cash flow¹ was TL 1,776 mn in Q2'21 vs TL 1,150 mn in Q2'20 and TL 750 mn in Q1'21, while net debt was TL 16.1 bn.

Our long FX position² was USD 38 mn by the end of Q2'21 vs USD 100 mn by the end of Q1'21.

2nd Quarter 2021 Operational Highlights

Total number of Türk Telekom subscribers reached 50.7 mn with 150K net additions in Q2'21. Net subscriber additions were 2 mn during the last twelve months.

Broadband subscriber base increased to 13.8 mn in Q2'21 with 199K net additions amid

¹ Unlevered free cash flow defined as net cash provided by operating and investing activities from operations.

² Net FX position is calculated as FX based financial debt (including FX based lease obligations) plus FX based net trade payables less FX financial debt hedging less FX net trade payables hedging less net investment hedging less FX based cash and cash equivalents.

normalised demand. Broadband ARPU growth maintained its strong performance and increased by 14.0% over last year's strong base.

Fibre subscribers reached 8.1 mn with 0.7 mn net additions in Q2'21. The number of FTTC subscribers reached 5.6 mn, while the number of FTTH/B subscribers increased to 2.5 mn.

Fibre network covers in excess of 27.9 mn households as of Q2'21 compared to 23.8 mn as of Q2'20, reflecting the continued focus on fibre rollouts. FTTC homepass increased to 20 mn while FTTH/B homepass reached 8 mn.

Fibre cable network length increased to 345K km in Q2'21 from 314K km in Q2'20 and 336K km in Q1'21.

Mobile subscriber base increased to 23.4 mn with 67K net additions in Q2'21. 199k net add in the postpaid base more than offset the decline on the prepaid side.

Share of LTE subscribers³ in mobile subscriber base increased to 62% in Q2'21 from 58% in Q2'20. Average monthly data usage per LTE user increased to its highest level of 9.5GB in Q2'21 from 8.5GB in Q2'20.

Number of fixed voice subscribers declined slightly by 55K during the quarter together with normalisation in fixed broadband demand. Including nDSL, the number of total fixed access lines increased to 16.5 mn; the highest level since Q1'10.

In Q2'21, the number of TV Home subscribers remained flat QoQ at 1.5 mn.

2021 Guidance Revision

Our revised guidance for 2021 is as below:

- Consolidated revenue growth (excluding IFRIC 12) to be around 17% over 2020
- Consolidated EBITDA to be around TL 15.8 billion
- Consolidated CAPEX to be around TL 8.5 billion

	Previous Guidance	Revised Guidance
Consolidated Revenue Growth (exc. IFRIC 12)	Around 16%	Around 17%
Consolidated EBITDA	Around TL 15.4 bn	Around TL 15.8 bn
Consolidated CAPEX	Around TL 8 bn	Around TL 8.5 bn

³ Mobile subscribers who registered for LTE and have LTE compatible device and sim card.

Türk Telekom CEO Ümit Önal's comments on 2021 second quarter results:

Superb performance in a uniquely challenging quarter

We have left the fifth quarter under the pandemic impact behind and today we enjoy a normalised environment, with utmost caution of course, in our country. Turkey has lifted all pandemic measures as of July 1st along with the significant drop in number of new virus cases and acceleration in the vaccination process. We hope to see no returning back to pandemic measures again and the whole world leaving this highly destructive disaster behind.

The whole pandemic era has been gruelling, but it is worth highlighting that the second quarter was uniquely challenging. It included Ramadan, which became a slower than usual month together with the pandemic conditions. Moreover, we saw the tightest lockdown measures imposed in Turkey for a seventeen-day period in May, since the outbreak of Covid-19. Finally, we witnessed the partial easing of measures starting after mid-June. Under such circumstances, we observed frequently changing customer behaviour and business environment, which urged us to be more focused, agile and adaptive than ever.

Thanks to our solid roots, top-quality networks and extremely steep and rewarding learning curve throughout the pandemic, we were able to deliver the best-in-class telco services to our customers across Turkey and a fulfilling financial and operational performance to our stakeholders. We remain fixated to sustainable growth through rapid digital transformation, strategic investments and top-notch customer experience. We seize the demands of today, focus on immediate supply of superior services and move forward accordingly.

Strong performance continued at all fronts...

Our Company has once again delivered an impressive set of financial and operational results. Consolidated revenues increased by 17.4% YoY. Operating revenues grew by 19.0% YoY, to secure 19.5% increase in the first half of the year and boost our confidence in meeting the revised 17% target for the FY21. Fixed broadband segment maintained its strong top-line momentum with 30.2% increase, while mobile revenues surpassed our internal targets with 17.1% growth. Corporate data recorded solid 12.7% revenue progression. Finally, the international segment climbed 39.5%.

Consolidated EBITDA rose by 24.3% YoY to TL 4.0 billion with an EBITDA margin of 49.2%, down by 100 bps QoQ as expected, but up by a hefty 270 bps YoY. The annual expansion was mainly driven by the strong contribution of our higher margin fixed broadband business to top-line growth and improved profitability in mobile segment, whilst the quarterly contraction was largely a result of the base effect and a gradually normalising opex base. In annual comparison, positive impact of Covid-19 on certain opex items remained a supporting factor. Net income grew 29.8% YoY to TL 1.3 billion, despite the continued increase in FX rates in the quarter. We incurred higher net financial expenses on quarterly basis mainly due to higher interest rates and the restructuring of some hedging contracts amidst another round of high volatility in lira. Still, the robust annual growth in operating profit was nicely reflected to our bottom-line,

thanks to our effective currency risk management policy that we have been applying since late-2020. As of Q2'21, we recorded USD 38 million long FX position, while net Debt/EBITDA improved to 1.08x. Our capex spending was TL 1.4 billion during the period.

...prompting another upward revision to our FY21 guidance

We recorded higher than expected top-line growth and EBITDA in the second quarter with mobile business being the largest contributor of the deviation. Other businesses also performed slightly better to justify another upward revision to our 2021 guidance. We now expect operating revenues to grow 17% YoY, EBITDA to be TL 15.8 billion and capex to be TL 8.5 billion⁴, compared to 16%, TL 15.4 billion and TL 8 billion respectively, in our prior guidance. While the change in EBITDA is driven by improved top-line and opex outlook, the revised capex figure reflects the FX impact as well as the urge to undertake additional mobile and fixed broadband investments in response to persistently vigorous demand to telecommunication services. Our investments will continue to focus on expanding and improving our fixed/mobile networks, capacity increases, digital agenda, data centres and 5G transition and support our growth in the coming years.

Demand for high speed packages remains elevated

Fixed broadband was once more the largest contributor of consolidated top-line growth with 30.2% advance YoY. In line with our expectations, revenue growth slowed QoQ as the base effect of the pandemic kicked-in. With higher base of 2H, our guidance incorporates a similar trend in the remainder of the year.

We lifted our fixed broadband subscriber base to 13.8 million with robust 199K net adds in Q2 (403K in 1H), despite normalised demand for new connections and strictest lockdown measures imposed so far. Whilst sales through online channels enjoyed the lockdown impact, the face-to-face channels felt the pressure. Still, our innovative and customised offers, pick-up in demand from summer locations and a carefully managed churn put us ahead of our quarterly net add target.

Annual ARPU growth on the other hand remained flattish QoQ at 14.0%, although it cycled last year's highest increase of 14.4%. Earlier price adjustments, but more importantly the ongoing strength in upsell performance, were the main drivers of powerful ARPU generation in Q2'21.

Once again, push for high-speed packages ruled our sales and marketing activities on the fixed broadband side. Upsell numbers remained elevated with 89%⁵ of second quarter performance driven by upgrades to higher speed tariffs.

⁴ 2021 guidance expectations represent approximate values

⁵ For consumer segment

The replacement of 12Mbps with 16Mbps as our new entry level package⁶ in January and the re-introduction on 35Mbps package in our portfolio continued to serve as powerful tools to boost both the ARPU and ARPA. 24Mbps and above packages made 46%⁷ of new acquisitions this quarter, even ahead of last quarter's 44%. As a result, our ARPA⁸ grew close to 17%⁹ YoY.

The result of our investment and marketing activities in order to move customers to higher speed packages have been extremely encouraging so far. With such assurance, we will continue investing in this area and remain committed to raising Turkey's average internet speed in the coming periods.

Consistent fiberisation of the country

Providing all our citizens with access to fibre network sits amongst our top priorities. We take our mission seriously and work constantly to improve our presence and quality of service across the country. As of Q2, our fibre network reached 345K km (314K km as of Q2'20 and 331K km as of 2020) in length in 81 provinces. Total number of fibre subscribers reached 8.1 mn, taking the share of fibre subscribers in our portfolio to 58.5% from 37.1% as of end-2019.

Our fibre transformation projects, together with an ever-increasing coverage, warrants support for our future growth. Moreover, we deem our fibre investments indispensable, as we remain eager to lead the transition to 5G technology in Turkey.

Mobile performance has geared up

The impact of the pandemic on mobile business has been volatile with easing and tightening measures in addition to a long Ramadan holiday during the quarter. The most visible change in market dynamics was some rationalisation in competitive environment QoQ, driving a partial rebalancing of price parities. The MNP (Mobile Number Porting) market on the other hand showed not much difference to first quarter, due to strict lockdowns and delays in resuming of international flights. Yet, we started feeling the positive impact of increased mobility since mid-June. As such, we maintain our view that the mobile sector will further enjoy the full normalisation that started as of July 1st.

The share of LTE subscribers among our customers increased to 62% in Q2'21 from 58% in Q2'20. Average mobile data consumption per LTE user reached its quarterly peak of 9.5GB with 12% YoY and 7% QoQ increase, driven by the Ramadan holiday, easing of measures in mid-June and the changing mix in our mobile subscriber base.

We added 67K subscribers in Q2'21, supported by a 199K increase in the postpaid base. Our focus on higher value customer and postpaidisation continued to drive the contraction in the prepaid segment with 132K net loss. With the highest quarterly figure since Q2'11, ARPU

⁶ Depending on the availability

⁷ For consumer segment

⁸ Average revenue per acquisition

⁹ Excluding penetration campaign

increased by 14.8% YoY, showcasing our efforts to engineer a higher mobile top-line growth. Postpaid and prepaid ARPU rose 9.5% and 20.2% respectively in the period. Consequently, we maintained the upward trend in mobile revenue growth for the fifth quarter in a row with 17.1% annual increase.

While the subscriber evolution was in line with our internal expectations, ARPU improvement was a tad ahead. Robust ARPU growth was driven by a combination of several factors including the changing subscriber mix, continued pricing actions, innovative offers and portfolio optimisation. Our ongoing postpaidisation exercise is now accompanied by accelerated premiumisation. Furthermore, we strategically scale down the number of prepaid packages to create a more efficient portfolio. With this exercise, we aim to improve our operational capabilities and support prepaid ARPU growth.

Focused growth strategy in mobile boosts Prime base

In mobile, we have been focusing on higher-value creation for some while now. A solid market share and major wins in areas like coverage, network quality and customer experience over the last few years have together formed the viability of this strategy. Prime, our premium segment product, has proven one of the most powerful tools in our action plan towards revenue maximisation.

Our focus on higher value acquisitions and upselling have been producing eye-catching results. Besides, using a detailed data analytics tool to create tailored plans for our customers empowers us to actualise a much better upsell performance and succeed in boosting our Prime base. As of the second quarter, our Prime portfolio more than doubled to 4 million subscribers since end-2019. The growth was 65% YoY in Q2'21. Prime has generated around 30% of total acquisitions in the postpaid segment over the LTM. Furthermore, the number of subscribers we moved to Prime from the non-Prime base has been on an uptrend in the same period and grew by 73% YoY in the second quarter.

As a result, Prime subscribers reached 26.5% of our total postpaid base by Q2'21. Prime is a crucial contributor to overall ARPU growth in mobile business as Prime ARPU hovers around $1.8 \times^{10}$ the non-Prime ARPU. We have made tremendous progress in premiumisation lately; yet, we are still sitting on a relatively low base, which grants us more room for improvement in the coming periods.

Türk Telekom's ambitious move in Fintech: Pokus

We are proud to share an important development in our Fintech business. We have recently added Pokus, Türk Telekom's newly developed e-wallet application and prepaid card to our mobile payment and invoice payment services under TTPayment¹¹. Pokus is an integrated digital payment system that provides financial services 24/7 across the globe. With its user-

¹⁰ Postpaid Prime ARPU/ Postpaid Non-Prime ARPU

¹¹ Türk Telekom Ödeme ve Elektronik Para Hizmetleri A.Ş. (TTÖHAŞ); TTÖdeme in short, stands for TTPayment in English.

friendly interface, it enables users to manage their finances from a single point of touch. It is available to everyone and operator independent.

Pokus is carefully designed to make users' lives easier by creating an integrated and secure digital platform, through which users can handle multiple transactions within seconds. It also offers a prepaid card with access to banking operators through a contactless payment system. With Pokus prepaid card, customers have the opportunity to spend the amount they load and shop online and offline at domestic and overseas Mastercard member businesses without any subscription fee.

Engagement in technology and digitalisation is rapidly growing in Turkey and digital payments is an area that seeks constant innovation and freshness. Pokus will be a continuously renewed and developed platform to keep up with upcoming demands. Thanks to Türk Telekom's expertise in high-tech solutions and customer experience, Pokus will stand solid in the sector, we believe. Pokus will differentiate itself from competitors with its unique set of features including money loading and withdrawal, 24/7 domestic and overseas money transfers, invoice payments, online shopping, contactless payments, spend-split and more. A superior product, combined with Türk Telekom's vast subscriber base and effective sales channels fuels our ambition to make it among the leading actors of the Turkish Fintech market.

We are aiming to be a part of every Turkish consumers' daily life not only through our core telco services, but also in the world of digital applications. We believe Pokus will become an important turning point for our Fintech business and a multipurpose enabler within Türk Telekom's ecosystem. Our ultimate goal is to see Pokus become a widely used application and an indelible brand in its league.

Pacing up 5G preparations

As Türk Telekom, we oblige ourselves to be at the forefront of 5G deployment in our country. Recent statements by officials pointed out 2022 for the tenders and 2023 for the start of commercial use. Surely, our nationwide fibre infrastructure is set to grant us a stronger position throughout this transition; hence, we will continue investing in fiberisation nonstop. Our priority is to support Turkey in becoming one of the forecoming countries in the area of 5G.

In the second quarter, we focused on valuable 5G developments. Türk Telekom and its subsidiary Argela completed an international Clear5G project. With this project, Türk Telekom was able to provide low latency data transmission, high-end confidentiality and accessibility through 5G to the factories that were included in the project.

Türk Telekom and Ericsson signed a collaboration agreement to further our company's 5G transition roadmap. Türk Telekom will use Ericsson Dynamic Activation platform to optimise the IT processes that will support both fibre transformation and the integration cycles of technological solutions.

Furthermore, Türk Telekom, Nokia and Arçelik joined forces on Arçelik's deployment of Turkey's first 5G-ready private wireless network. Under the agreement signed, Nokia's private wireless network will support Arçelik's manufacturing video analytics, indoor positioning, and enhanced Automated Guided Vehicle (AGV) performance. Additionally, Nokia and Türk Telekom will deploy the first commercial private 4.9G/LTE network in Turkey. We are proud to be a pioneer in a major digital transformation process. This project will be a milestone to help us broaden our horizon as a tech services and solutions provider in strategic areas.

Further diversifying our digital capabilities

Digitalisation has become almost a mandatory and common path for us all from individuals to corporates and governments to public and private institutions. As Türk Telekom, we are obliged to align our internal processes and methodologies in this rapid era of digitalisation, at the same time we upgrade our technology, product and service offerings to our individual and corporate customers.

We are further diversifying our digital solutions in consumer and corporate segments amid growing and fast emerging needs in various areas. Expanding our fintech footprint and helping the SMEs' end-to-end digital transformation are two key priorities for us. We continue to offer innovative cloud-based services to support the digital evolution of public and private organisations in Turkey.

We put our customers at the centre and aim to raise their experience in every area we touch in their life cycles. We constantly renovate our online sales channels to respond to newly arising needs and capture modern design trends. We opt for simple and user-friendly platforms with a wide variety of offerings in order to maintain our competitive edge.

Our self-service online transactions app "Online İşlemler", through which we provide customised offers, has been downloaded 51.5 million times since its launch. The number of unique subscribers¹² using the application was 16.4 million in Q2'21. TL uploads and invoice payments via online channels rose 40% YoY compared to Q2'20. The share of collections through digital channels, including banks, in the consumer segment increased to 80% in Q2'21; 1 percentage point higher YoY and 3 percentage points higher QoQ.

It is all about value creation and sustainable growth

Our company has been going through an amazing transformation in a rapidly changing world. Through turbulent times we stood calm and mighty, accumulated experiences and expanded our capabilities. On our mounting strengths and know-how, we act responsibly with determination and agility, in order to deliver what our customers and stakeholders deserve.

As Turkey's leading integrated telecom company, every decision we make and every step we take, ultimately serve nothing but value creation and sustainable growth. Our strategies are

¹² 3 month active user

smart and roadmap is clear. We are working to lead Turkey’s digital journey and 5G transition for a prosperous and better society. Our focus on efficiency, risk management, financial fitness and customer experience remains our indispensable approach in execution.

I am truly excited about experiencing the post-pandemic world and I look forward to facing the new ventures ahead of us together with the entire Türk Telekom family.

Financial Review

(TL mn)	Q2'20	Q1'21	Q2'21	QoQ Change	YoY Change
Revenue	6,969	7,587	8,181	7.8%	17.4%
Revenue (Exc. IFRIC 12)	6,369	7,222	7,577	4.9%	19.0%
EBITDA	3,237	3,803	4,022	5.7%	24.3%
<i>Margin</i>	46.4%	50.1%	49.2%		
Depreciation and Amortisation	(1,303)	(1,452)	(1,519)	4.6%	16.6%
Operating Profit	1,934	2,351	2,502	6.4%	29.4%
<i>Margin</i>	27.7%	31.0%	30.6%		
Financial Income / (Expense)	(703)	(661)	(893)	35.1%	27.0%
FX & Hedging Gain / (Loss)	(127)	(189)	(408)	116.0%	222.3%
Interest Income / (Expense)	(509)	(410)	(455)	11.0%	(10.7)%
Other Financial Income / (Expense)	(68)	(62)	(30)	(51.5)%	(55.4)%
Tax Income / (Expense)	(250)	(334)	(337)	0.7%	34.6%
Net Income	980	1,356	1,272	(6.1)%	29.8%
<i>Margin</i>	14.1%	17.9%	15.6%		
CAPEX	1,237	1,253	1,407	12.2%	13.7%

Revenues

In Q2'21, consolidated revenues increased by 17.4% YoY to TL 8,181 mn. Excluding IFRIC 12, top line growth was 19.0% YoY with 30.2% surge in fixed broadband, 17.1% increase in mobile, 39.5% increase in international and 12.7% increase in corporate data revenues.

Operating Expenses Excluding Depreciation and Amortisation (OPEX)

In Q2'21, operating expenses increased by 11.4% YoY to TL 4,160 mn. Excluding IFRIC 12 cost, growth in operating expenses was 12.9% YoY.

- Interconnection costs increased by 14.9% YoY, in line with the increase in Türk Telekom International traffic volume and FX rates.
- 16.8% YoY increase in the tax expense was led by frequency and treasury fees attached to mobile revenues.

- Provisions for Doubtful Receivables decreased by 21.8% mainly due to decrease in device provisions compared to last year.
- Cost of Equipment and Technology Sales grew by 15.0% YoY amid normalised broadband net additions and ICT solution revenues.
- Other Direct Cost grew 39.1% YoY, in line with the pick-up in VAS revenues and shared revenues.
- Network and Technology expenses grew 24.6% YoY.
- Personnel expense increased by 15.3% YoY with marginal change QoQ.
- Commercial Costs increased by 29.2% YoY and 15.1% QoQ, ramping up to normalised levels, in line with our expectation.

Operating Profit Before Depreciation and Amortisation (EBITDA)

In Q2'21, consolidated EBITDA increased by 24.3% YoY to TL 4.0 bn with an EBITDA margin of 49.2%, which expanded 270 bps YoY mainly on the back of strong growth in higher margin fixed broadband revenues and improved profitability in mobile segment as well as Covid-19 related opex savings. Excluding IFRIC 12 accounting impact, EBITDA margin was 52.2%, up 260 bps YoY.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by 16.6% YoY to TL 1,519 mn in Q2'21.

Operating Profit

In Q2'21, the Group recorded TL 2,502 mn operating profit with a 29.4% YoY increase. Operating profit margin rose to 30.6% from 27.7% in Q2'20.

Net Financial Income/Expense

Net financial expense was TL 893 mn in Q2'21 compared to TL 703 mn in Q2'20 and TL 661 mn in Q1'21. The quarterly increase in net financial expenses was owing to three factors: higher interest rates, increased portion of short-term derivative instruments within our hedge portfolio and additional restructuring of certain hedge contracts to further our protection.

According to the sensitivity of P&L statement to FX movements, 10% depreciation of TL has TL 1 mn impact on P&L as of Q2'21 assuming all else constant (TL 623 mn impact as of Q2'20 and TL 13 mn impact as of Q1'21).

Tax Income/Expense

The Group reported TL 337 mn tax expense in Q2'21 compared to TL 250 mn in Q2'20.

Net Income

The Group generated TL 1,272 mn net income in Q2'21 compared to TL 980 mn in Q2'20, thanks to solid operational performance and successful FX risk management.

Capital Expenditures

Capex rose to TL 1,407 mn in Q2'21 from TL 1,237 mn in Q2'20 reflecting the spending on planned fibre and other investments.

Cash Flow and Leverage

Unlevered free cash flow generated in LTM Q2'21 increased to TL 6.7 bn compared to TL 6.3 bn in LTM Q2'20, mainly due strong EBITDA growth.

In Q2'21, unlevered free cash flow was TL 1.8 bn vs. TL 1.2 bn in Q2'20 and TL 0.8 bn in Q1'21.

Net debt¹³ increased to TL 16.1 bn as of Q2'21, while excluding the IFRS 16 impact, it was TL 14.7 bn.

Net Debt/EBITDA¹⁴ ratio improved to 1.08x in Q2'21 (Q1'21: 1.15x), despite around 5% and 6% further increase in USDTRY and EURTRY respectively by the end of Q2'21, compared to the end of Q1'21.

Net debt (excluding the IFRS 16 impact) declined to USD 1,693 mn equivalent as of Q2'21, down by USD 82 mn QoQ (Q1'21: USD 1,775 mn; Q4'20: USD 1,909 mn).

As of Q2'21, FX based financial debt (excluding the IFRS 16 impact) declined to USD 2,228 mn equivalent (Q1'21: USD 2,234 mn; Q2'20: USD 2,663 mn). The share of TL financing was 7.0% as of Q2'21 down from 10.5% in Q1'21.

Including the FX based cash of USD 384 mn, the net FX exposure was USD 38 mn long position as of Q2'21 (USD 100 mn long position as of Q1'21).

¹³ Net debt includes MTM from FX to TRY Currency Swaps.

¹⁴ Net debt includes MTM from FX to TRY Currency Swaps. Net Debt/EBITDA calculation excludes extraordinary claims on EBITDA calculation.

Operational Performance

	Q2'20	Q1'21	Q2'21	QoQ Change	YoY Change
Total Access Lines (mn) ¹⁶	15.3	16.4	16.5	0.8%	8.4%
Fixed Voice Subscribers (mn)	10.3	10.6	10.5	(0.5)%	1.8%
Naked Broadband Subscribers (mn)	4.9	5.8	6.0	3.3%	22.1%
Fixed Voice ARPU (TL)	22.0	21.3	21.5	0.9%	(2.0)%
Total Broadband Subscribers (mn)	12.2	13.6	13.8	1.5%	12.9%
Total Fibre Subscribers (mn)	4.8	7.3	8.1	10.2%	67.7%
FTTH/B (mn)	1.9	2.4	2.5	3.6%	32.2%
FTTC (mn)	2.9	4.9	5.6	13.3%	90.3%
Broadband ARPU (TL)	55.5	61.0	63.3	3.8%	14.0%
Total TV Subscribers (mn) ¹⁷	3.3	3.1	3.0	(2.0)%	(8.3)%
Tivibu Home (IPTV + DTH) Subscribers (mn)	1.5	1.5	1.5	(1.0)%	(1.9)%
TV ARPU (TL)	19.0	20.8	21.6	3.9%	13.8%
Mobile Total Subscribers (mn)	22.8	23.3	23.4	0.3%	2.4%
Mobile Postpaid Subscribers (mn)	14.1	15.0	15.2	1.3%	7.5%
Mobile Prepaid Subscribers (mn)	8.7	8.3	8.2	(1.6)%	(5.9)%
Mobile Blended ARPU (TL)	34.4	36.4	39.6	8.6%	14.8%
Mobile Postpaid ARPU (TL)	42.7	43.6	46.8	7.3%	9.5%
Mobile Prepaid ARPU (TL)	21.2	23.1	25.4	10.4%	20.2%

¹⁶ PSTN and WLR Subscribers

¹⁷ Tivibu Home (IPTV, DTH) and Tivibu GO subscribers

Notes:

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

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

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

*Net FX Position used to be calculated by subtracting the sum of **i)** the hedge transactions and **ii)** FX-denominated cash and cash equivalents from **(iii)** FX-denominated financial debt. As per the resolution taken by the Board of Directors dated 03.02.2021, in order to carry out a currency risk management which takes into account all of the items that affect the consolidated profit / loss statement through exchange rate risk in the Net FX Position calculation, as of Q1 2021, in addition to the aforementioned items, Net FX Position includes **(iv)** FX denominated lease obligations **(v)** FX denominated net trade payables and **(vi)** the net investment hedge. Net investment hedge is the hedge amount against the financial risk of the net investment in the off-shore subsidiaries (Türk Telekom International) as per the Effects of Changes in FX Rate standard (TAS 21) of the Turkish Accounting Principles and has been used in the Group accounting reporting since 2011. Net FX Position is a non-GAAP financial measure. and the revision made in the calculation of the Net FX Position does not cause a change in the accounting reporting of the Group.*

About Türk Telekom Group

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

“Turkey’s Multiplay Provider” Türk Telekom has 16.5 million fixed access lines, 13.8 million broadband, 3.0 million TV and 23.4 million mobile subscribers as of June 30, 2021. Türk Telekom Group Companies provide services in all 81 cities of Turkey with 34,805 employees with the vision of introducing new technologies to Turkey and accelerating Turkey’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 Innova Bilişim Çözümleri A.Ş., online education software company Sebit Eğitim ve Bilgi Teknolojileri A.Ş., call center company AssisTT Rehberlik ve Müşteri Hizmetleri A.Ş., project development and corporate venture capital company TT Ventures Proje Geliştirme A.Ş., Electric Supply and Sales Company TTES Elektrik Tedarik Satış A.Ş., provider of combined facilities support activities TT Destek Hizmetleri A.Ş. with TT International Holding BV and wholesale data and capacity service provider TT International Telecommunication Industry and Trade Limited Company, and indirectly owns 100% of 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 services company TT Ödeme ve Elektronik Para Hizmetleri A.Ş. and counselling services company 11818 Rehberlik ve Müşteri Hizmetleri A.Ş.

Disclaimer

The information contained herein has been prepared by Türk Telekomünikasyon A.Ş. (the Company) in connection with the operations of Türk Telekom Group companies. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice. The Company relies on the information gathered from the reliable sources however does not guarantee completeness and accuracy of such information.

These materials contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except to the extent required by law, we assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. This press release does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this press release or on its completeness, accuracy or fairness. The information contained in this press release may be required to be confirmed, completed and amended. Therefore, no declaration or commitment has been given or implied on the name of the Company or its shareholders, directors, employers or other third persons depending on the authenticity, completeness and accuracy of the information. None of the Company nor any of its shareholders, directors or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this press release or its contents or otherwise arising in connection therewith.

The PSTN services and wholesale broadband services are provided by Türk Telekomünikasyon A.Ş., the retail internet services are provided by TTNET A.Ş. and the mobile services are provided by TT Mobil İletişim Hizmetleri A.Ş. Türk Telekom® brand used in this press release is the joint brand of Türk Telekom Group companies. All group companies' legal entities remain intact. There may be differences between the data provided in this press release and ICTA's market reports. These discrepancies are due differences in basis of financial reporting (standalone vs. consolidated) and differences in ARPU calculation methodologies.

Türk Telekom Group Consolidated Financial Statements are available on
<http://www.ttinvestorrelations.com/financial-operational-information/quarterly-results.aspx>