TÜRK TELEKOM GROUP

2021 THIRD QUARTER

FINANCIAL AND OPERATIONAL RESULTS

November 2, 2021

A REPEATED BEAT IN Q3’21 PERFORMANCE
UPLIFTS 2021 GUIDANCE

Türk Telekom Group announced its Q3’21 financial and operational results. The Group owes another powerful quarterly performance to higher than expected revenue and subscriber growth in a normalising environment, alongside its mounting operating profit. In Q3’21, consolidated revenues increased by 17.3% YoY to TL 8.6 billion, while EBITDA grew to TL 4.3 billion with an EBITDA margin of 49.6%. Net income rose to TL 2.0 bn with 374% growth YoY. Net Debt/EBITDA improved to 0.96x, in spite of high volatility in FX rates.

Türk Telekom CEO Ümit Önal said: “We are thrilled to see our financial and operational results, once again, underlining our strengths; our history, know-how, top-quality assets, investment decisions, human capital and execution capabilities. We got through the precarious times and remain proud of our success, further emphasised by the third quarter performance, which proved beyond our expectations at all fronts and urged a third upward revision to our 2021 guidance. We now expect our operating revenues to grow 18% YoY, our EBITDA to be TL 16.2 billion and our capex to be TL 8.7 billion. We increase focus on further value creation through new initiatives, whilst we constantly transform and expand our core businesses. We are proud of our pioneer moves in technology and digitalisation, which help us form a strong base for the 5G rollout. With very little time left to close a memorable year for Türk Telekom, we are readying ourselves to welcome the next chapter ahead of us; ‘*The Year 2022’.* We stand more powerful and equipped than ever before, to continue our sustainable growth and deliver on our key responsibilities to our stakeholders in the prospering environment of normalisation.”

3rd Quarter 2021 Financial Highlights

Consolidated revenues increased to TL 8.6 bn, up by 17.3% YoY. Excluding IFRIC 12 accounting impact, revenue growth was 18.0% YoY.

Consolidated EBITDA grew 23.4% YoY to TL 4.3 bn with an EBITDA margin of 49.6%. Excluding IFRIC 12 impact, EBITDA margin was 51.7%.

Operating profit increased by 28.2% YoY to TL 2.7 bn.

Net income was TL 2,050 mn in Q3’21 compared to TL 432 mn in Q3’20 and TL 1,272 mn in Q2’21, up 374% YoY and 61% QoQ. Significant annual expansion is largely attributable to successful operating performance, a sizeable tax income and lower net financial expenses. The former two were the main drivers of quarterly performance also, whereas the net financial expenses were only slightly down from the last quarter.

Capex was realised at TL 1,658 mn in Q3’21.

Unlevered free cash flow[1] was TL 2.5 bn in Q3'21 vs TL 1.8 bn both in Q3'20 and Q2'21, while net debt was TL 15.1 bn, down from TL 16.1 bn as of Q2'21.

Our long FX position[2] was USD 58 mn by the end of Q3'21 vs USD 38 mn by the end of Q2'21.

3rd Quarter 2021 Operational Highlights

Total number of Türk Telekom subscribers reached 51.4 mn with 711K net additions in Q3'21. Net subscriber additions were 1.9 mn during the last twelve months.

Broadband subscriber base increased to 14.1 mn in Q3'21 with slightly higher than expected net additions of 250K. Broadband ARPU growth, which hovered around 14% for several quarters, paced up to 15.3%.

Fibre subscribers reached 8.8 mn with 691K net additions in Q3'21. The number of FTTC subscribers reached 6.1 mn, while the number of FTTH/B subscribers increased to 2.6 mn.

Fibre network covers in excess of 28.9 mn households as of Q3'21 compared to 25.0 mn as of Q3'20, reflecting the continued focus on fibre rollouts. FTTC homepass increased to 20.6 mn while FTTH/B homepass reached 8.3 mn.

Fibre cable network length increased to 353K km in Q3'21 from 321K km in Q3'20 and 345K km in Q2'21.

Mobile subscriber base increased to 23.9 mn with 503K of net additions in Q3'21; the highest increase since Q1'19. The net add performance was significantly ahead of our expectations with respective 345K and 157K increase in the postpaid and prepaid segments.

Share of LTE subscribers[3] in mobile subscriber base increased to 59% in Q3'21 from 57% in Q3'20. Average monthly data usage per LTE user increased to its highest level of 10.3GB in Q3'21 from 9.1GB in Q3'20.

Number of fixed voice subscribers was almost unchanged from the last quarter. Including nDSL, the number of total fixed access lines increased to 16.7 mn; the highest level since Q3'09.

In Q3'21, the number of TV Home subscribers remained flat QoQ at 1.5 mn.

---

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

2021 Guidance Revision

Our revised guidance for 2021 is as below:

- Consolidated revenue growth (excluding IFRIC 12) to be around 18% over 2020
- Consolidated EBITDA to be around TL 16.2 billion
- Consolidated CAPEX to be around TL 8.7 billion

	Previous Guidance	**Revised Guidance**
Consolidated Revenue Growth (exc. IFRIC 12)	Around 17%	Around 18%
Consolidated EBITDA	Around TL 15.8 bn	Around TL 16.2 bn
Consolidated CAPEX	Around TL 8.5 bn	Around TL 8.7 bn

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

A changed business and consumer environment, but the same exceptional performance

We enjoyed a normalising environment in the past quarter, as the pandemic impact has phased out gradually. Turkey has lifted all pandemic measures as of July 1 and sped up the vaccination process, which together created a relatively safer and relaxed environment for both the domestic and international travels over the third quarter.

Q3'21 was clearly marked by increased mobility. People mostly enjoyed summer houses, tourism resorts or travels abroad during the summer months. July included a long religious holiday, but August was still dominated by a holidaying spree. September, on the other hand, was routinely identified as back-to-school period, but was distinguished by the return of "physical education" after a long while. Restaurants, cafes, theatres, concerts and several other socialising alternatives were back in people's lives. Yet, typically high demand for speed and data that prevailed during the pandemic era has remained strong in the third quarter.

With increased mobility and a visible recovery in tourism, we experienced high subscriber growth in mobile. Fixed broadband subscriber growth, on the other hand, was supported by demand from summer locations and back to school season. Net adds were stronger than we envisaged, thanks also to persistently solid churn performances. Upselling was once again an important component of fixed broadband and mobile ARPU growth, both of which surpassed our expectations this quarter.

In Q3'21, once again, we prioritised agility and relevance to markets, used our foresight and insight to anticipate varying needs, aligned our offerings to shifting market conditions and remained strongly engaged with our customers. Our solid fundamentals, best in-class offerings, top-quality network and technological know-how help us respond swiftly to the changing and rising demand for telecommunications services.

Repeatedly beating financial results…

Our Company completed the third quarter with superb financial and operational results. Consolidated revenues increased by 17.3% YoY. Operational revenues grew by 18.0%, despite the strong base of last year (+19.4%). 9M'21 operating revenue growth stood at 18.9%. Fixed broadband revenue, still being the locomotive of the strong top-line progression, surged by 29.2% over 26.2% of Q3'20 along with price adjustments, upselling and efficient seasonal campaigns. Mobile revenue maintained last quarter's strong momentum and grew by 17.4% in support of ongoing pricing actions, segmented offerings and accelerated subscriber addition. Growth in corporate data revenue paced up to 15.5% YoY, whereas the increase in international segment slowed to 11.6% as it cycled last year's highest base (+52.3%).

Consolidated EBITDA rose by 23.4% YoY to TL 4.3 billion with an EBITDA margin of 49.6%, up by around 50 bps QoQ and 240 bps YoY. We were positively surprised by the margin evolution in the third quarter, which was fuelled by the strong contribution of our higher margin fixed broadband business to top-line growth and continued improvement in mobile profitability. Pandemic-driven savings on certain opex lines remained a supporting factor in annual comparison. Net income grew by 374% YoY to TL 2.0 billion along with robust operational performance, lower financial expenses and a sizeable deferred tax income which was largely triggered by the accounting of fixed asset revaluation allowed by a new legislation[4]. Although lira remained volatile, net financial expenses were slightly lower QoQ, thanks to our comprehensive and effective currency risk management policy in place. As a result, 9M'21 net income reached TL 4.7 bn, surpassing the FY'20 figure by 47%. As of Q3'21, we recorded USD 58 million long FX position, while Net Debt/EBITDA fell to 0.96x. With typically higher investment spending in 2H, our capex was TL 1.7 billion during the quarter.

… urged another uplift to 2021 guidance

Third quarter performance was significantly better than we envisaged in subscriber growth, revenue progression and profitability. July and August performances were moderately better compared to our forecasts, but September was visibly higher.

Although we expected a better second half for the mobile business, the subscription trends we saw in Q3'21 pointed to a faster recovery than we anticipated. Net adds and upselling in fixed broadband maintained their strong momentum despite ongoing superior trends for several quarters now.

As a result, the recent run rates along with the YTD figures necessitated a third upward revision to our 2021 guidance. We now expect operating revenues to grow 18% YoY, EBITDA to be TL 16.2 billion and capex to be TL 8.7 billion[5], compared to 17%, TL 15.8 billion and TL 8.5 billion respectively, in our prior guidance. While the change in EBITDA is driven by improved top-line growth, mainly led by the fixed broadband and mobile segments, the revised capex figure reflects the FX impact. We continue to see robust demand to telecommunication services and keep up with our annual investment plans in mobile, fixed broadband and other areas. Our investments, which focus on expanding and improving our fixed/mobile networks, capacity increases, digital agenda, data centres and 5G transition will help us capitalise on the strong demand we see.

Demand for speed remained equally vivid to thrive the upsell performance

Fixed broadband remained to be our growth engine in Q3'21 with a fascinating 29.2% revenue increase over last year's high base. Total subscribers expanded to 14.1 million with 250K of net adds during the quarter. We expected a normalised demand after last year's extraordinary features, but the net acquisitions have been stronger so far in the year (653K in 9M'21). In a normalising environment with higher mobility, we addressed the need for new connections in summer locations through targeted seasonal campaigns. Back to school season also helped new acquisitions. Although education started physical this year, students need connection at home for their assignments, research and free time on the internet. Adoption of hybrid

[4] *Article 11 of the Law No 7326*
[5] *2021 guidance expectations represent approximate values*

working models by more corporations in the post-pandemic world in addition to other newly emerging trends also supports continued demand for connectivity. As such, net add performance was lifted by low churn ratios throughout the period. Digitalisation is clearly leading to subtle and lasting transformation in consumer behaviour, which fuels ever-growing demand for technology and communication services.

Continued expansion of total subscriber base and need for higher speed elevated the ARPU growth to 15.3% YoY; its highest since 2009. Our analytics-driven activation and churn management does not only help us attain higher ARPU growth, but also strengthens our subscriber base.

With upgrades to unlimited fixed broadband packages reaching its potential, the share of upgrades to higher speed packages made 91%[6] of total number of upsells in Q3. 24Mbps-and-above packages comprised 58%[7] of new acquisitions up from 46% in Q2. An intensified push at the higher end of the portfolio with smartly designed marketing campaigns around the "back to school period" gave a handsome boost to 35Mbps-and-higher package sales. The share of these packages in new sales was 13% higher in September compared to its Q2 level. As such, we were able to push Q3'21 ARPA[8] 2.4%[9] higher QoQ.

Our fibre network all around Turkey is a powerful leverage to future technologies

We remain committed to our fibre rollout plans in order to create equal opportunities for everyone in accessing the fixed internet services. Our mission is grand and so is our fibre infrastructure. As of Q3, our fibre network reached 353K km (321K km as of Q3'20 and 331K km as of 2020) in length across Turkey's 81 provinces. Total number of fibre subscribers grew to 8.8 million, dominating our subscriber portfolio by 62.3%, up from 37.1% as of end-2019.

Constant investments in expanding and improving our fibre network is our most powerful enabler to fiberise and digitalise Turkey. Our enhancing technology and reach, will pave the path to an advantageous 5G transition for Turkey in our leadership.

A recovering mobile market furthers performance

Increased mobility in a normalising environment, free of all pandemic measures, presented a more dynamic mobile market. The MNP (Mobile Number Portability) market continued contracting YoY, but picked-up QoQ for the first time since Q3'20. Seasonal pricing strategies dominated, but a more rational competitive environment since Q2 remained unaltered thus far, as the operators' willingness to catch-up with increasing inflation grew. Price adjustments continued across the board, with varying timings by different operators.

---

[6] *For consumer segment*
[7] *For consumer segment*
[8] *Average revenue per acquisition*
[9] *Excluding penetration campaign*

The share of LTE subscribers among our customers increased to 59% in Q3’21 from 57% in Q3’20. Already strong data consumption was further lifted by mobility and seasonality. The average data consumption per LTE user touched a new peak of 10.3GB with 13% YoY and 8% QoQ increase. On the postpaid side, we observed an escalated demand for additional data packages with 9%[10] QoQ increase in total number of packages sold.

Our mobile subscriber base grew beyond our expectation with 503K net additions in Q3; the highest quarterly figure since Q1’19. Subscriber growth, which benefited from a recovering mobile market and a meticulous churn management, flourished by respective 157K and 345K net acquisitions in the prepaid and postpaid segments.

Low churn ratios, despite our ongoing value maximising strategy, do not only prove the accuracy of our analytics-driven portfolio optimisation and offerings, but also confirm that we managed to establish a more stable subscriber base through improved network quality and customer experience. The share of postpaid customers in total portfolio inched up to 65.1% despite the first positive net add in the prepaid segment after six quarters. Although postpaidisation accelerated QoQ, prepaid segment net add performance reversed course amid tourist acquisitions.

Total Prime base grew 64% YoY in Q3’21. The share of Prime subscribers within the total postpaid base rose to 29.3% from 26.5% a quarter ago, as our focus on tailored offers and upsell performance paced the ongoing premiumisation process. Prime has generated around 36% of new acquisitions in the postpaid segment.

Resultantly, mobile revenues rose by 17.4% YoY. Once again, we were pleased to see the positive reflection of our strategies on mobile top-line growth, which kept trending up over the last six quarters. Q3’21 ARPU increased by 13.6% YoY with 9.6% and 17.1% respective growth rates in the postpaid and prepaid segments.

Paving the path to 5G technologies through Silicon Valley

As Turkey’s leading integrated telecommunications operator, we prioritise technological advancement. We do not only aim to lead the 5G transition in Turkey, but also position ourselves among global players who set the standards of next generation technologies in a rapidly transforming world. Türk Telekom’s R&D company Argela and its US based innovation arm Netsia together own 56 worldwide patents in areas covering 5G, network slicing, fibre optic networks, blockchain, data analysis, radio access network and they present ambitious 5G solutions to the world.

Right in the middle of an innovation centric ecosystem in Silicon Valley, in close proximity to industry experts, business partners, large tech investors and customers, Netsia enjoys active participation in important initiatives including O-RAN (Open Radio Access Networks Alliance),

[10] For consumer segment excluding MVNO

ONF (Open Network Foundation), BBF (Broadband Forum), ONAP (Open Network Automation Platform) and LFN (Linux Foundation Network) and works with world's leading telecom companies such as AT&T, Deutsche Telekom and NTT, together with Türk Telekom.

Netsia offers innovative products that include the most advanced technologies in the telecom industry and shapes its products with the operators and business partners it cooperates with. Netsia's flagship open source broadband network solution, "Netsia BB Suite", features a hardened, telco-grade distribution of ONF's SEBA (SDN Enabled Broadband Access) solution. SEBA prevents vendor dependency and accelerates service delivery by transforming fibre optic access network through SDN (Software Defined Networks) & NFV (Network Functions Virtualisation) technologies. It has the potential to be a carrier of 5G access through fibre infrastructures. Netsia BB Suite is aiming to gather new generation network equipment of different suppliers under a single roof.

SEBA drives both operational and economic benefits. In this respect, enhanced with additional functionalities, Netsia BB Suite presents an opportunity to increase security, service agility, capacity and scale whilst minimising latency through a centralised management of networks. It enables tailor made solutions through virtualisation and cloud-based technology as well as significant opex and capex savings through optimisation and scale.

We are thriving to integrate our technology worldwide. With its first commercial deployment (including internet, voice and IPTV), SEBA is currently live on Türk Telekom's fibre network since 2019. Although Netsia BB solution has already taken a leading position in the world market and is attracting growing attention day by day, a broader distribution across Türk Telekom's entire network over time will help Türk Telekom, Argela and Netsia showcase the benefits of our product to a greater audience. Today, Netsia BB Suite is in trial stage with several leading operators in Latin America, Europe and Asia. The project promises revenue generation not only through sale and implementation of the product but also via after sales service agreements.

We announced a sales and cooperation agreement on our vRAN (Software Defined and Sliceable Virtualised Radio Access Network) project with Juniper Networks Inc. last year. Netsia's vRAN solution, which provides many operational and commercial benefits, including performance increase, efficiency and scalability on 5G networks, was licensed by Juniper. It has been decided in January 2021 to integrate vRAN to Juniper's worldwide portfolio. Netsia's licensed RIC (Radio Intelligent Controller) technology enables an AI (Artificial Intelligence) based management and orchestration of mobile networks over cloud through virtualisation and slicing. Recently, we have taken our collaboration with Juniper to a next stage. Accordingly, Türk Telekom will become the first operator to allocate capacity per base stations through use of RIC. In addition, in areas that require expertise such as installation and maintenance, we aim to position our group companies, Argela and İnnova accordingly, in order to generate further income from Turkey and nearby geographies in the aftermath of sale of RIC solutions.

Recently, we added another international collaboration to our portfolio and entered an important market, by signing an agreement with Net Insight of Sweden on 5G synchronisation solutions. Accordingly, Net Insight and Türk Telekom will use their core technology, expertise, and experience in synchronisation. The new technology offers unique advantages, because it is GPS-independent and it can provide time synchronisation over existing networks without further need of replacement or upgrading of existing fixed access network equipment. It prevents the loss of service that may occur due to GPS signal interruptions, which is one of the biggest problems of operators that switch to 5G. Hence, this innovative solution offers important time and cost savings in addition to service continuity in 5G rollouts for mobile operators globally.

We believe in the importance of strategic cooperation with global operators and other technological business partners and open-source communities, and we continue our business development activities proactively in this direction.

Our online app, Online İşlemler, wins acclaim

Digitalisation emerges as a common and urgent demand by all public and private agents as well as individuals. In a rapidly transforming world, success in this field is measured by the agility, efficiency and simplicity of solutions.

As Turkey's leading integrated operator, it is our priority to pioneer digitalisation and establish digital routes to increase availability of our services. We constantly improve our online platform in order to make our customers truly satisfied by their experience with us.

Our self-service online transactions app 'Online İşlemler', which has been downloaded more than 54 million times since its launch, recently ranked second by internationally renowned platform AppAnnie in "Application with Most Active Users" category amongst all Turkey-originated apps[11] as of Q2'21. The number of unique subscribers[12] using the application rose to 16.8 million in Q3'21.

We value our progress in sustainability

Within the scope of Türk Telekom's sustainability goals we would also like to share with you that, we have obtained a REC (Renewable Energy Certificate) from The International REC Standard for our data centres[13]. With this certificate, we have validated that we use green energy in our data centres. In this respect, we are thrilled to see that, by making not only Türk Telekom, but also our customers who use our data centres, consume green energy, we can amplify the impact of our sustainability initiatives.

[11] *Excluding government designed apps*
[12] *3 month active user*
[13] *The certificate has been obtained for Türk Telekom's three data centres: Gayrettepe, Ümitköy and Esenyurt*

We stand more powerful and equipped than ever before, to continue our sustainable growth and deliver on our key responsibilities to our stakeholders in the prospering environment of normalisation.

Financial Review

(TL mn)	Q3'20	Q2'21	Q3'21	QoQ Change	YoY Change
Revenue	**7,366**	**8,181**	**8,640**	**5.6%**	**17.3%**
Revenue (Exc. IFRIC 12)	**6,952**	**7,577**	**8,200**	**8.2%**	**18.0%**
EBITDA	**3,477**	**4,022**	**4,289**	**6.6%**	**23.4%**
Margin	*47.2%*	*49.2%*	*49.6%*		
Depreciation and Amortisation	**(1,343)**	**(1,519)**	**(1,552)**	**2.2%**	**15.6%**
Operating Profit	**2,134**	**2,502**	**2,737**	**9.4%**	**28.2%**
Margin	*29.0%*	*30.6%*	*31.7%*		
Financial Income / (Expense)	**(1,579)**	**(893)**	**(862)**	**(3.4)%**	**(45.4)%**
FX & Hedging Gain / (Loss)	(1,007)	(408)	(367)	(10.1)%	(63.5)%
Interest Income / (Expense)	(500)	(455)	(457)	0.5%	(8.7)%
Other Financial Income / (Expense)	(72)	(30)	(38)	27.2%	(46.8)%
Tax Income / (Expense)	**(123)**	**(337)**	**176**	**n.m.**	**n.m.**
Net Income	**432**	**1,272**	**2,050**	**61.1%**	**374.2%**
Margin	*5.9%*	*15.6%*	*23.7%*		
CAPEX	**1,822**	**1,407**	**1,658**	**17.9%**	**(9.0)%**

Revenues

In Q3’21, consolidated revenues increased by 17.3% YoY to TL 8,640 mn. Excluding IFRIC 12, top line growth was 18.0% YoY with 29.2% surge in fixed broadband, 17.4% increase in mobile, 11.6% increase in international and 15.5% increase in corporate data revenues.

Operating Expenses Excluding Depreciation and Amortisation (OPEX)

In Q3’21, operating expenses increased by 11.9% YoY to TL 4,351 mn. Excluding IFRIC 12 cost, growth in operating expenses was 12.4% YoY.

- Interconnection costs increased only by 4.6% YoY, due to the high base effect of last year’s increased international traffic volume.

- 14.8% YoY increase in the tax expense was led by frequency and treasury fees attached to mobile revenues.
- Provisions for Doubtful Receivables declined 34.6% YoY mainly due to decrease in device provisions compared to last year.
- Cost of Equipment and Technology Sales grew by 5.6% YoY over last year's high base, amid increased activations in broadband segment around back to school season.
- Other Direct Costs grew 30.8% YoY, with the pick-up in VAS revenues and shared revenues.
- Network and Technology expenses grew 31.0% YoY due to increased energy prices.
- Personnel expense increased by 21.2% YoY with recently signed Labour Agreement.
- Commercial Costs increased by 25.7% YoY and 4.5% QoQ, ramping up to normalised levels, in line with our expectation.

Operating Profit Before Depreciation and Amortisation (EBITDA)

In Q3'21, consolidated EBITDA increased by 23.4% YoY to TL 4.3 bn with an EBITDA margin of 49.6%, which expanded 240 bps YoY mainly on the back of strong growth in higher margin fixed broadband revenues and further improved profitability in mobile segment. Excluding IFRIC 12 accounting impact, EBITDA margin was 51.7%, up 240 bps YoY.

Depreciation and Amortisation Expense

Depreciation and amortisation expense increased by 15.6% YoY to TL 1,552 mn in Q3'21.

Operating Profit

In Q3'21, the Group recorded TL 2,737 mn operating profit with a 28.2% YoY increase. Operating profit margin rose to 31.7% from 29.0% in Q3'20.

Net Financial Income/Expense

Net financial expense was TL 862 mn in Q3'21 compared to TL 1,579 mn in Q3'20 and TL 893 mn in Q2'21.

According to the sensitivity of P&L statement to FX movements, 10% depreciation of TL has positive TL 1 mn impact on P&L as of Q3'21 assuming all else constant (negative TL 953 mn impact as of Q3'20 and negative TL 1 mn impact as of Q2'21).

Tax Income/Expense

The Group reported TL 176 mn of tax income in Q3'21 compared to TL 123 mn of tax expense in Q3'20 along with a significant deferred tax income recorded due to the accounting of fixed asset revaluation allowed by a new legislation.

Net Income

The Group generated TL 2,050 mn net income in Q3’21 compared to TL 432 mn in Q3’20, thanks to solid operational performance, a sizeable tax income and lower financial expense with successful FX risk management.

Capital Expenditures

Capex was TL 1,658 mn in Q3’21 compared to TL 1,822 mn in Q3’20.

Cash Flow and Leverage

Unlevered free cash flow generated in LTM Q3’21 increased to TL 7.3 bn compared to TL 6.5 bn in LTM Q3’20, mainly due strong EBITDA growth.

In Q3’21, unlevered free cash flow was TL 2.5 bn vs. TL 1.8 bn in Q3’20 and in Q2’21.

Net debt[14] decreased to TL 15.1 bn as of Q3’21, while excluding the IFRS 16 impact, it was TL 13.8 bn.

Net Debt/EBITDA[15] ratio improved to 0.96x in Q3’21 from 1.08x as of Q2’21.

Net debt (excluding the IFRS 16 impact) declined to USD 1,557 mn equivalent as of Q3’21, down by USD 136 mn QoQ (Q2’21: USD 1,693 mn; Q4’20: USD 1,909 mn).

As of Q3’21, FX based financial debt (excluding the IFRS 16 impact) declined to USD 2,249 mn equivalent (Q2’21: USD 2,228 mn; Q3’20: USD 2,625 mn). The share of TL financing was 4.2% as of Q3’21 down from 7.0% in Q2’21.

Including the FX based cash of USD 442 mn, the net FX exposure was USD 58 mn long position as of Q3’21 (USD 38 mn long position as of Q2’21).

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

Operational Performance

	Q3'20	Q2'21	Q3'21	QoQ Change	YoY Change
Total Access Lines (mn) [16]	**15.7**	**16.5**	**16.7**	**1.2%**	**6.6%**
Fixed Voice Subscribers (mn)	10.5	10.5	10.5	(0.0)%	0.3%
Naked Broadband Subscribers (mn)	5.2	6.0	6.2	3.3%	19.2%
Fixed Voice ARPU (TL)	**22.0**	**21.5**	**21.7**	**0.6%**	**(1.5)%**
Total Broadband Subscribers (mn)	**12.8**	**13.8**	**14.1**	**1.8%**	**10.1%**
Total Fibre Subscribers (mn)	**5.2**	**8.1**	**8.8**	**8.6%**	**67.0%**
FTTH/B (mn)	2.0	2.5	2.6	6.5%	29.1%
FTTC (mn)	3.2	5.6	6.1	9.5%	91.2%
Broadband ARPU (TL)	**57.1**	**63.3**	**65.9**	**4.0%**	**15.3%**
Total TV Subscribers (mn) [17]	**3.2**	**3.0**	**3.0**	**(1.3)%**	**(6.5)%**
Tivibu Home (IPTV + DTH) Subscribers (mn)	1.5	1.5	1.5	(0.2)%	(0.3)%
TV ARPU (TL)	**19.4**	**21.6**	**22.1**	**2.5%**	**13.9%**
Mobile Total Subscribers (mn)	**23.1**	**23.4**	**23.9**	**2.2%**	**3.3%**
Mobile Postpaid Subscribers (mn)	14.5	15.2	15.5	2.3%	7.2%
Mobile Prepaid Subscribers (mn)	8.6	8.2	8.3	1.9%	(3.1)%
Mobile Blended ARPU (TL)	**37.1**	**39.6**	**42.2**	**6.7%**	**13.6%**
Mobile Postpaid ARPU (TL)	44.5	46.8	48.7	4.2%	9.6%
Mobile Prepaid ARPU (TL)	24.2	25.4	28.3	11.1%	17.1%

[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 more than 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 16.7 million fixed access lines, 14.1 million broadband, 3.0 million TV and 23.9 million mobile subscribers as of September 30, 2021. Türk Telekom Group Companies provide services in all 81 cities of Turkey with 34,619 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 and e-money 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