

İş Faktoring Anonim Şirketi

**Financial Statements as at and
for the year ended 31 December 2024
with Independent Auditors' Report
(Convenience translation of publicly announced unconsolidated
financial statements, related disclosures and auditor's audit
report at 31 December 2024, See Note I. of Section Three)**

CONTENTS	PAGE
Independent Auditors' Report	1
Statement of Financial Position (Balance Sheet).....	2 - 3
Off-Balance Sheet Items	4
Statement of Profit or Loss.....	5
Statement of Profit or Loss and Other Comprehensive Income	6
Statement of Changes in Shareholder's Equity.....	7
Statement of Cash Flows.....	8
Statement of Profit Distribution	9
Notes to the Financial Statements	10 - 59
Note 1 Organization and Operations of the Company	10
Note 2 Basis of Preparation of Financial Statements	10 - 14
Note 3 Significant Accounting Policies.....	14 - 23
Note 4 Cash and Cash Equivalents	24
Note 5 Financial Assets With Fair Value Difference Reflected In Profit/Loss	24
Note 6 Derivative Financial Assets	25
Note 7 Financial Assets at Fair Value Through Other Comprehensive Income	25
Note 8 Factoring Receivables and Payables	26 - 30
Note 9 Related Parties	30 - 33
Note 10 Tangible Assets	34
Note 11 Intangible Assets	35
Note 12 Deferred Tax Assets and Liabilities	35 - 36
Note 13 Other Assets	36
Note 14 Funds Borrowed	37
Note 15 Payables From Leasing Transactions	38
Note 16 Debt Securities Issued	38 - 39
Note 17 Other Liability	39
Note 18 Employee Benefits	40 - 41
Note 19 Other Provisions	41
Note 20 Current Tax Liability	41
Note 21 Equity.....	41 - 42
Note 22 Commitments and Contingencies	42 - 43
Note 23 Segment Reporting	45
Note 24 Operating Income	45
Note 25 Financial Expenses	45
Note 26 Operating Expenses	44
Note 27 Other Operating Income	44
Note 28 Expected Credit Loss	45
Note 29 Other Operating Expenses	45
Note 30 Taxation	45 - 48
Note 31 Earnings Per Share	48
Note 32 Other Issues That Significantly Affect the Financial Statements or Other Issues Required for to be Explained Understanding of the Financial Statements	49
Note 33 Fees For Services Received From Independent Auditor.....	49
Note 34 Explanations On The Matters After The Balance Sheet Period.....	49
Note 35 Additional Information On Financial Instruments	50 - 61



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH
INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of İş Faktoring A.Ş.

A. Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of İş Faktoring A.Ş. (the “Company”), which comprise the statement of financial position as at 31 December 2024, the statement of profit and loss, statement of profit or loss and other comprehensive income, statement of changes in shareholders’ equity, statement of cash flows for the year then ended and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the “Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing, and Savings Finance Companies” published in the Official Gazette dated 24 December 2013 and numbered 28861, as well as the regulations, communiqués, circulars, and announcements issued by the Banking Regulation and Supervision Agency (“BRSA”); and to the extent not regulated by them, the “BRSA Accounting and Financial Reporting Regulations”, which incorporate the provisions of the Turkish Financial Reporting Standards.

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (Including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate 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 financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="272 516 760 583">Expected credit losses for factoring receivables</p> <p data-bbox="272 632 906 1010">The Company has total gross factoring receivables of 35,510,617 thousand TL, which represent a significant portion of the Company’s total assets in its financial statements as of 31 December 2024, and total impairment provisions of 386,217 thousand TL related to these receivables. Explanations and footnotes regarding the impairment provisions for factoring receivables are presented in notes 3-f and 8 of the financial statements issued as of 31 December 2024.</p> <p data-bbox="272 1058 906 1776">According to the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing, and Savings Finance Companies" published in the Official Gazette dated 24 December 2013, and numbered 28861, the Company recognizes provision for impairment of factoring receivables in accordance with the “IFRS 9 Financial Instruments Standard” (“IFRS 9”). IFRS 9 is a complex accounting standard that requires a significant degree of judgment and interpretation in practice. These judgments and interpretations are key in developing financial models used to measure expected credit losses on factoring receivables measured at amortized cost. Additionally, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans.</p>	<p data-bbox="930 516 1479 779">Within the scope of our audit procedures, we evaluated the Company's policies, procedures, and management principles regarding the classification of factoring receivables by their characteristics and the determination of impairment calculations in accordance with relevant legislation.</p> <p data-bbox="930 827 1495 1394">We evaluated and tested, together with our financial risk experts, the methods used in the Company's models for determining provisions for significant factoring receivables to ensure compliance with the policies, procedures, and principles established by the Company and in accordance with IFRS 9 principles. We also assessed the calculations contained in these models with our financial risk experts. The approaches used in the models, including segmentation, lifetime expected default probabilities, default loss rates, and the reflection of macroeconomic expectations, were independently reviewed by our relevant experts.</p> <p data-bbox="930 1442 1495 1776">We conducted loan review procedures for a sample of selected credits to determine whether the classification of factoring receivables according to current regulations is reasonable, to ascertain whether they are impaired, and to verify whether impairment provisions for these receivables have been established in a timely manner and in accordance with legislative provisions.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for factoring receivables (Continued)</p> <p>Provisions for expected losses on factoring receivables are allocated collectively for similar factoring receivables as of the balance sheet date, incorporating management's best estimates and past loss experience. For significant factoring receivables, the provisions are evaluated on an individual basis.</p> <p>The reason for our focus on this area during our audit is the complexity involved in determining provisions for expected credit losses, including past loss experience, current conditions, and the creation and weighting of forward-looking macroeconomic scenarios; the size of the existing factoring receivables; and the importance of correctly classifying these receivables based on their characteristics (stages) under current regulations and determining the provision for these receivables. The accurate and timely identification of default in factoring receivables and other judgments and estimates made by management significantly impact the amount of provision for impairment recognized in the balance sheet, and therefore, this area has been considered a key audit matter.</p>	<p>Furthermore, we verified the consistency and reasonableness of provisions established for individually assessed factoring receivables impaired according to the Company's practice using supportable data. We also assessed whether the key assumptions and other judgments underlying impairment calculations, which are based on discussions with the Company's management, are reasonable.</p> <p>We checked the consistency and adequacy of the notes to the financial statements relating to factoring receivables and their impairment in the Company's financial statements.</p>

4. Other Matter

The financial statements of the Company for the fiscal year ended 31 December 2023 have been fully audited by another independent audit firm, which issued an unqualified opinion in its full audit report dated 31 January 2024.



5. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

6. Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements 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 financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the 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.



- Assess the 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 Company'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 Company 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 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 independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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. Other Responsibilities Arising From Regulatory Requirements

- 1.** No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2024 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
- 2.** In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Two differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 December 2024. Accordingly, the accompanying financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Company in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökçe Yaşar Temel, SMMM
Independent Auditor

Istanbul, 31 January 2025

İŞ FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET) AS AT 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	ASSETS	Notes	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	CASH,CASH EQUIVALENTS AND CENTRAL BANK FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	4	825,383	47,485	872,868	398,271	40,218	438,489
II.	DERIVATIVE FINANCIAL ASSETS	5	-	-	-	24,328	-	24,328
III.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	6	-	-	-	-	-	-
IV.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)	7	1,734,303	-	1,734,303	1,114,206	-	1,114,206
V.	Factoring Receivables	8	25,872,707	9,159,659	35,032,366	18,830,293	3,259,874	22,090,167
5.1	Discounted Factoring Receivables (Net)		25,976,932	9,147,468	35,124,400	18,941,881	3,213,356	22,155,237
5.1.1	Other Factoring Receivables		12,651,698	303,308	12,955,006	7,815,427	194,938	8,010,365
5.1.2	Savings Finance Receivables		13,325,234	8,844,160	22,169,394	11,126,454	3,018,418	14,144,872
5.2	Savings Funds		-	-	-	-	-	-
5.2.1	Equity		-	-	-	-	-	-
5.2.2	Finance Loans		-	-	-	-	-	-
5.3	Financial Lease Receivables		-	-	-	-	-	-
5.3.1	Operating Lease Receivables		-	-	-	-	-	-
5.3.2	Unearned Income (-)		-	-	-	-	-	-
5.3.3	Lease Receivables(Net)		-	-	-	-	-	-
5.4	Financial Lease Receivables		-	-	-	-	-	-
5.4.1	Operating Lease Receivables		-	-	-	-	-	-
5.4.2	Unearned Income (-)		-	-	-	-	-	-
5.4.3	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.5	Non-performing factoring receivables	8	239,657	146,560	386,217	208,497	128,351	336,848
5.6	Expected Loss Provisions/Special Provisions (-)	8	(343,882)	(134,369)	(478,251)	(320,085)	(81,833)	(401,918)
5.7	INVESTMENTS		-	-	-	-	-	-
VI.	Investments in Associates (Net)		-	-	-	-	-	-
6.1	Subsidiaries (Net)		-	-	-	-	-	-
6.2	Joint Ventures (Net)		-	-	-	-	-	-
6.3	TANGIBLE ASSETS (Net)	10	9,714	-	9,714	5,461	-	5,461
VII.	INTANGIBLE ASSETS (Net)	11	27,211	-	27,211	20,778	-	20,778
VIII.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
IX.	CURRENT TAX ASSETS		-	-	-	-	-	-
X.	DEFERRED TAX ASSETS	12	28,492	-	28,492	225,272	-	225,272
XI.	OTHER ASSETS	13	92,196	1,170	93,366	85,326	1,350	86,676
XII.	SUBTOTAL		28,590,006	9,208,314	37,798,320	20,703,935	3,301,442	24,005,377
XIII.	ASSETS HELD FOR SALE AND TERMINATED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held for sale purpose		-	-	-	-	-	-
13.2	Asset of Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		28,590,006	9,208,314	37,798,320	20,703,935	3,301,442	24,005,377

The accompanying notes are an integral part of these financial statements.

İŞ FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET) AS AT 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	LIABILITIES	Notes	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	FUNDS BORROWED	14	22,186,358	8,696,320	30,882,678	15,386,600	2,975,817	18,362,417
II.	FACTORING PAYABLES	8	1,163	9,531	10,694	1,636	11,125	12,761
III.	PAYABLES FROM SAVINGS FUND		-	-	-	-	-	-
IV.	LEASING TRANSACTIONS PAYABLES (Net)	15	8,669	-	8,669	3,775	-	3,775
V.	DEBT SECURITIES ISSUED (Net)	16	2,091,713	-	2,091,713	2,230,115	-	2,230,115
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
VIII.	PROVISIONS		46,057	-	46,057	34,116	-	34,116
8.1	Restructuring Provision		-	-	-	-	-	-
8.2	Reserves For Employee Benefits	18	46,057	-	46,057	24,116	-	24,116
8.3	General Provision		-	-	-	-	-	-
8.4	Other Provisions	19	-	-	-	10,000	-	10,000
IX.	CURRENT TAX LIABILITY	20	128,827	-	128,827	198,300	-	198,300
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	CAPITAL DEBT INSTRUMENTS		-	-	-	-	-	-
XII.	OTHER LIABILITIES	17	60,746	12,968	73,714	71,635	8,331	79,966
	SUBTOTAL		24,523,533	8,718,819	33,242,352	17,926,177	2,995,273	20,921,450
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND HELD FROM TERMINATED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held for sale purpose		-	-	-	-	-	-
13.2	Discontinued operations		-	-	-	-	-	-
XIV.	SHAREHOLDERS' EQUITY		4,555,968	-	4,555,968	3,083,927	-	3,083,927
14.1	Paid-in Capital	21	150,000	-	150,000	150,000	-	150,000
14.2	Capital Reserves		5,053	-	5,053	5,053	-	5,053
14.2.1	Share Premiums		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		5,053	-	5,053	5,053	-	5,053
14.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		1,499,717	-	1,499,717	1,035,126	-	1,035,126
14.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-	-	-	-
14.5	Profit Reserves	21	1,893,748	-	1,893,748	733,824	-	733,824
14.5.1	Legal Reserves		30,183	-	30,183	30,183	-	30,183
14.5.2	Status Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		1,863,565	-	1,863,565	703,641	-	703,641
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		1,007,450	-	1,007,450	1,159,924	-	1,159,924
14.6.1	Previous Years Profit or Loss		-	-	-	-	-	-
14.6.2	Period Net Profit or Loss		1,007,450	-	1,007,450	1,159,924	-	1,159,924
	TOTAL LIABILITIES		29,079,501	8,718,819	37,798,320	21,010,104	2,995,273	24,005,377

The accompanying notes are an integral part of these financial statements.

İŞ FAKTORİNG ANONİM ŞİRKETİ

OFF-BALANCE SHEET ITEMS AS AT 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	OFF-BALANCE SHEET ITEMS	Notes	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
			TRY	FC	TOTAL	TRY	FC	TOTAL
			I.	RECOURSE FACTORING TRANSACTIONS		216,341	2,069,809	2,286,150
II.	NON-RECOURSE FACTORING TRANSACTIONS		3,173,559	627,910	3,801,469	1,235,816	323,520	1,559,336
III.	SAVING FINANCE AGREEMENTS TRANACTIONS		-	-	-	-	-	-
IV.	GUARANTEES RECEIVED	22	124,271,145	150,629,585	274,900,730	78,650,028	116,665,476	195,315,504
V.	GUARANTEES GIVEN	22	12,022,972	-	12,022,972	6,039,512	-	6,039,512
VI.	COMMITMENTS		-	-	-	-	-	-
6.1	Irrevocable Commitments		-	-	-	-	-	-
6.2	Revocable Commitments		-	-	-	-	-	-
6.2.1	Lease Commitments		-	-	-	-	-	-
6.2.1.1	Financial Lease Commitments		-	-	-	-	-	-
6.2.1.2	Operating Lease Commitment		-	-	-	-	-	-
6.2.2	Other revocable commitments		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
7.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
7.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
7.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
7.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
7.2	Trading Transactions		-	-	-	-	-	-
7.2.1	Forward buy/sell transactions		-	-	-	-	-	-
7.2.2	Swap buy/sell transactions		-	-	-	-	-	-
7.2.3	Optional buy/sell transactions		-	-	-	-	-	-
7.2.4	Futures buy/sell transactions		-	-	-	-	-	-
7.2.5	Other		-	-	-	-	-	-
VII.	ITEMS HELD IN CUSTODY	22	7,009,906	553,131	7,563,037	3,659,510	434,882	4,094,392
	TOTAL OFF-BALANCE SHEET COMMITMENTS		146,693,923	153,880,435	300,574,358	89,948,106	119,228,519	209,176,625

The accompanying notes are an integral part of these financial statements.

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 1 JANUARY-31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

		Notes	Audited Current Period 1 January- 31 December 2024	Audited Prior Period 1 January - 31 December 2023
	PROFIT OR LOSS ITEMS			
I.	OPERATING INCOME	24	7,321,243	5,180,595
	FACTORIZING INCOME		7,321,243	5,180,595
1.1	Interest Received from Factoring Receivables		7,026,458	4,277,748
1.1.1	Discounted		3,868,339	2,028,718
1.1.2	Other		3,158,119	2,249,030
1.2	Fees and Commissions Received from Factoring Receivables		294,785	902,847
1.2.1	Discounted		142,429	486,972
1.2.2	Other		152,356	415,875
	FINANCE LOAN INCOME		-	-
1.3	Interest Received from Finance Loans		-	-
1.4	Fees and Commissions Received from Finance Loans		-	-
	LEASING INCOME		-	-
1.5	Financial Leasing Income		-	-
1.6	Operational Leasing Income		-	-
1.7	Fees and Commissions from Rental Transactions		-	-
	SAVINGS FINANCE INCOME		-	-
1.8	Profit Shares from Savings Finance Receivables		-	-
1.9	Fees and Commissions from Savings Finance Activities		-	-
II.	FINANCIAL EXPENSES (-)	25	(5,882,575)	(3,565,884)
2.1	Profit Shares Given to the Savings Fund Pool		-	-
2.2	Interest Paid for Borrowings		(5,315,848)	(2,783,567)
2.3	Interest Paid for Factoring Transactions		-	-
2.4	Financial Lease Expense		(4,717)	(1,237)
2.5	Interest Paid for Securities		(383,509)	(293,304)
2.6	Other Interest Expenses		-	-
2.7	Fees and Commissions		(178,501)	(487,776)
III.	GROSS PROFIT/LOSS (I-II)		1,438,668	1,614,711
IV.	OPERATING EXPENSE (-)	26	(339,593)	(177,009)
4.1	Personnel Expenses		(273,157)	(132,784)
4.2	Provision Expense for Employment Termination Benefits		(3,286)	(1,953)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(63,150)	(42,272)
4.5	Other		-	-
V.	GROSS OPERATING PROFIT/LOSS (III+IV)		1,099,075	1,437,702
VI.	OTHER OPERATING INCOME	27	1,618,300	2,380,683
6.1	Interest Received from Banks		239,237	9,506
6.2	Interest Received from Securities		-	-
6.3	Dividend Income		38,930	18,365
6.4	Trading Account Gain/Losses		3,404	844
6.5	Gain/losses from Derivative Transactions		12,692	7,261
6.6	Foreign Exchange Gain/Losses		1,057,150	2,097,770
6.7	Other		266,887	246,937
VII.	PROVISIONS	28	(293,228)	(179,816)
7.1	Specific Provision		-	-
7.2	Expected Loss Provision		(293,228)	(179,816)
7.3	General Provision		-	-
7.4	Other		-	-
VIII.	OTHER OPERATING EXPENSES (-)	29	(1,003,706)	(2,024,524)
8.1	Impairment of Marketable Securities		-	-
8.2	Impairment of Fixed Assets		-	-
8.3	Trading Account Loss		-	-
8.4	Loss from Derivative Financial Transaction		-	-
8.5	Foreign Exchange Loss		(1,003,577)	(2,006,082)
8.6	Other		(129)	(18,442)
IX.	NET OPERATING INCOME/EXPENSE (V+...+VIII)		1,420,441	1,614,045
X.	MERGER PROFIT		-	-
XI.	SURPLUS WRITTEN AS GAIN AFTER MERGER PROFIT / LOSS FROM INVESTMENTS ACCOUNTED FOR UNDER EQUITY		-	-
XII.	NET MONETARY POSITION GAIN/LOSS		-	-
XIII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (IX+...+XII)		1,420,441	1,614,045
XIV.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	30	(412,991)	(454,121)
14.1	Current Tax Provision		(364,107)	(632,659)
14.2	Deferred Tax Expense Effect (+)		(48,884)	-
14.3	Deferred Tax Income Effect (-)		-	178,538
XV.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)		1,007,450	1,159,924
XVI.	INCOMES FROM TERMINATED OPERATIONS (-)		-	-
16.1	Expenses from Assets Held for Resale		-	-
16.2	Loss on Investment and Associates, Subsidiaries and Joint Ventures		-	-
16.3	Other Expenses		-	-
XVII.	EXPENSES FROM TERMINATED OPERATIONS (-)		-	-
17.1	Expenses from Assets Held for Resale		-	-
17.2	Loss on Investment and Associates, Subsidiaries and Joint Ventures		-	-
17.3	Other Expenses		-	-
XVIII.	PROFIT/LOSS BEFORE TAX FROM TERMINATED OPERATIONS (XVI-XVII)		-	-
XIX.	TAXATION ON INCOME FROM TERMINATED OPERATIONS (±)		-	-
19.1	Current Tax Provision		-	-
19.2	Deferred Tax Expense Effect (+)		-	-
19.3	Deferred Tax Income Effect (-)		-	-
XX.	NET PROFIT/LOSS FROM TERMINATED OPERATIONS (XVII±XVIII)		-	-
XXI.	NET PROFIT/LOSSES (XIV+XIX)		1,007,450	1,159,924
	EARNINGS PER SHARE	31	6,71633	7,73283

The accompanying notes are an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE 3.I**

İŞ FAKTORİNG ANONİM ŞİRKETİ
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 1 JANUARY-31 DECEMBER 2024
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

	PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME	Notes	Audited Current Period 1 January- 31 December 2024	Audited Prior Period 1 January- 31 December 2023
I.	PERIOD INCOME/LOSS		1,007,450	1,159,924
II.	OTHER COMPREHENSIVE INCOME		464,591	503,545
2.1	Items that will not be reclassified to profit or loss		464,591	503,545
2.1.1	Gains/(losses) on revaluation of tangible assets		-	-
2.1.2	Gains/(losses) on revaluation of intangible assets		-	-
2.1.3	Gains/(losses) on remeasurement of defined benefit pension plans		(4,753)	(244)
2.1.4	Other items that will not be reclassified to profit or loss	7	617,240	570,086
2.1.5	Taxation on comprehensive income that will not be reclassified to profit or loss	12	(147,896)	(66,297)
2.2	ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS		-	-
2.2.1	Translation differences for transactions in foreign currencies		-	-
2.2.2	Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.2.3	Gains/(losses) from cash flow hedges		-	-
2.2.4	Gains/(losses) from net investment hedges		-	-
2.2.5	Other items that will be reclassified to profit or loss		-	-
2.2.6	Taxation on comprehensive income that will be reclassified to profit or loss		-	-
III.	TOTAL COMPREHENSIVE INCOME (I+II)		1,472,041	1,663,469

The accompanying notes are an integral part of these financial statements.

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
UNCONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED
IN TURKISH, SEE IN NOTE 3.I**

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

CHANGES IN SHAREHOLDER'S EQUITY	Notes	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss			Other Accumulated Comprehensive Income that may be reclassified subsequently to Profit/Loss			Profit Reserves	Prior Period Profit/(Loss)	Net Current Period Profit/Loss	Total Equity
						1	2	3	4	5	6				
Prior Period (01.01 – 31.12.2023) (Audited)															
I. Balance at the Beginning of the Period	21	150,000	-	-	5,053	-	(1,678)	533,259	-	-	-	288,438	-	445,386	1,420,458
II. Correction Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		150,000	-	-	5,053	-	(1,678)	533,259	-	-	-	288,438	-	445,386	1,420,458
IV. Total Comprehensive Income		-	-	-	-	-	(60)	503,605	-	-	-	-	-	1,159,924	1,663,469
V. Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from internal reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in-Capital Inflation Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increases / Decreases due to other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	445,386	-	(445,386)	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	445,386	-	(445,386)	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (31.12.2023)		150,000	-	-	5,053	-	(1,738)	1,036,864	-	-	-	733,824	-	1,159,924	3,083,927
Current Period (01.01 – 31.12.2024) (Audited)															
I. Balance at the Beginning of the Period	21	150,000	-	-	5,053	-	(1,738)	1,036,864	-	-	-	733,824	-	1,159,924	3,083,927
II. Correction Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)		150,000	-	-	5,053	-	(1,738)	1,036,864	-	-	-	733,824	-	1,159,924	3,083,927
IV. Total Comprehensive Income		-	-	-	-	-	(3,327)	467,918	-	-	-	-	-	1,007,450	1,472,041
V. Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from internal reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in-Capital Inflation Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increases / Decreases due to other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	1,159,924	-	(1,159,924)	-
11.1 Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	1,159,924	-	(1,159,924)	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (31.12.2024)		150,000	-	-	5,053	-	(5,065)	1,504,782	-	-	-	1,893,748	-	1,007,450	4,555,968

1) Accumulated revaluation surplus / impairment of fixed assets,

2) Accumulated repeat measurement gains / losses of defined benefit plans,

3) Accumulated amounts of investments accounted for by the equity method that are not reclassified from income to profit or loss to others, and other items that are not reclassified to impair others or others.

4) Foreign currency translation differences,

5) Accumulated revaluation and / or classification gains / losses on available for sale financial assets,

6) Other (Cash flow hedging gains / investments accounted for by the equity method cumulative gains / (losses) to be classified as profit / loss to others and accumulated amounts of other comprehensive income to be reclassified to others or others).

The accompanying notes are an integral part of these financial statements.

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

			Audited Current Period 1 January - 31 December 2024	Audited Prior Period 1 January - 31 December 2023
	CASH FLOW	Notes		
A.	CASH FLOWS FROM OPERATING ACTIVITIES			
1.1.	Operating Profit Before Changes in Operating Assets and Liabilities		1,120,826	1,985,256
1.1.1.	Interests received/Dividends received/Lease income		7,302,761	4,423,616
1.1.2.	Interests paid/Dividends paid/Lease expense		(5,710,502)	(2,693,359)
1.1.3.	Dividends Received		38,930	18,365
1.1.4.	Fee and Commissions Received		294,785	902,847
1.1.5.	Other Income		69,669	101,132
1.1.6.	Collections From Previously Written-Off Receivables		231,070	166,134
1.1.7.	Payments to Personnel and Service Suppliers		(259,255)	(125,704)
1.1.8.	Taxes Paid		(433,580)	(512,286)
1.1.9.	Others		(413,052)	(295,489)
1.2.	Changes in Operating Assets and Liabilities		(121,272)	(1,979,388)
1.2.1	Net (Increase) Decrease in Factoring Receivables		(12,190,199)	(5,607,694)
1.2.2	Net (Increase) decrease in finance loans		-	-
1.2.3	Net (Increase) decrease in lease receivables		-	-
1.2.4	Net (Increase) Decrease in Savings Financing Receivables		-	-
1.2.5	Net (Increase) Decrease in Other Assets		17,639	(92,935)
1.2.6	Net (Increase) Decrease in Factoring Payables		(2,067)	(1,526)
1.2.7	Net Increase (Decrease) in the Savings Fund Pool		-	-
1.2.8	Net Increase (Decrease) in Lease Payables		4,716	1,196
1.2.9	Net Increase (Decrease) in Funds Borrowed		12,064,891	3,672,447
1.2.10	Net Increase (Decrease) in Matured Payables		-	-
1.2.11	Net Increase (Decrease) in Other Liabilities		(16,252)	49,124
I.	Net Cash From Operating activities		999,554	5,868
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
2.1.	Cash Paid for Purchase of Associates, Subsidiaries and Joint-Ventures		-	-
2.2.	Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		-	-
2.3.	Purchases of Tangible and Intangible Assets		(14,340)	(14,793)
2.4.	Sales of Tangible and Intangible Assets		-	145
2.5.	Cash Paid for Purchase of Financial Assets Available-for-Sale		-	-
2.6.	Cash Obtained From Sale of Financial Assets Available-for-Sale		-	-
2.7.	Cash Paid for Purchase of Held-to-Maturity Investment Securities		-	-
2.8.	Cash obtained from Sale of Held-to-Maturity Investment Securities		-	16,613
2.9.	Other		(2,857)	-
II.	Net Cash Used in Investing Activities		(17,197)	1,965
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
3.1.	Cash Obtained from Funds Borrowed and Debt Securities Issued		3,659,089	2,800,901
3.2.	Cash Used for Repayment of Funds Borrowed and Debt Securities Issued		(4,181,000)	(2,528,000)
3.3.	Equity Instruments Issued		-	-
3.4.	Dividends Paid		-	-
3.5.	Payments for Finance Leases		(13,748)	(8,068)
3.6.	Others		-	-
III.	Net Cash Generated from in Financing Activities		(535,659)	264,833
IV.	Effect of Change in Foreign Exchange Rates on Cash and Cash Equivalents		(12,319)	(6,113)
V.	Net Increase/(Decrease) in Cash and Cash Equivalents		434,379	266,553
VI.	Cash and Cash Equivalents at the Beginning of the Year		438,489	171,936
VII.	Cash and Cash Equivalents at the End of the Year	4	872,868	438,489

The accompanying notes are an integral part of these financial statements.

İŞ FAKTORİNG ANONİM ŞİRKETİ

STATEMENT OF PROFIT DISTRIBUTION FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

PROFIT DISTRIBUTION		Audited Current Year 31 December 2024	Audited Prior Year 31 December 2023
I.	DISTRIBUTION OF CURRENT YEAR PROFIT (*)		
1.1	PROFIT FOR THE YEAR	1,420,441	1,614,045
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	412,991	454,121
1.2.1	Corporate Tax (Income Tax)	364,107	632,659
1.2.2	Withholding Tax	-	-
1.2.3	Other Taxes and Duties (**)	48,884	(178,538)
A.	NET PROFIT FOR THE YEAR (1.1-1.2)	1,007,450	1,159,924
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
B	NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	-	1,159,924
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Redeemed Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Redeemed Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	STATUS RESERVES (-)	-	-
1.11	EXTRAORDINARY RESERVES	-	(1,159,924)
1.12	OTHER RESERVES	-	-
1.13	SPECIAL FUNDS	-	-
II.	DISTRIBUTION FROM RESERVES	-	-
2.1	DISTRIBUTION OF RESERVES	-	-
2.2	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1	To Owners of Ordinary Shares	-	-
2.2.2	To Owners of Privileged Shares	-	-
2.2.3	To Owners of Redeemed Shares	-	-
2.2.4	To Profit Sharing Bonds	-	-
2.2.5	To Holders of Profit and Loss Sharing Certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE	6,7163	7,7328
3.1	TO OWNERS OF ORDINARY SHARES (full TL)	6,7163	7,7328
3.2	TO OWNERS OF ORDINARY SHARES (%)	671.63	773.28
3.3	TO OWNERS OF PRIVILEGED SHARES (full TL)	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE	-	-
4.1	TO OWNERS OF ORDINARY SHARES (TL)	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES (TL)	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) As at the report date, the General Assembly Meeting has not been held; therefore, only net profit is presented in the profit distribution table above for 2024.

(**) The related amounts are deferred tax expense/income items.

The accompanying notes are an integral part of these financial statements.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

İş Faktoring Finansman Hizmetleri A.Ş., was incorporated on 6 July 1993 in Turkey and started its operations in October 1993. Company’s trade name was amended as İş Faktoring A.Ş. (“the Company”) at the Ordinary General Assembly on 27 March 2013. The change in title has been registered in the Trade Registry Gazette dated 16 April 2013 and numbered 1353. The core business of the Company is factoring operations, both domestic and abroad.

The Company maintains its operations in accordance with “Finance Lease, Factoring and Financing Companies Law” published on Official Gazette no. 28496 dated 13 December 2012 and “Regulation on Principles for Establishment and Operations of Finance Lease, Factoring and Financing Companies of Banking Regulation and Supervision Agency (“BRSA”).

The ultimate parent of the Company is Türkiye İş Bankası A.Ş. The main shareholder of the Company is İş Finansal Kiralama A.Ş. with 78.23% shareholding. Türkiye Sınai Kalkınma Bankası A.Ş. is also shareholder of the Company with 21.75% shareholding.

As of 31 December 2024, the number of employees of the Company is 119. (31 December 2023: 122)

The head office of the Company is located at:

İş Kuleleri, Kule 1 Kat: 10 34330 4. Levent / İstanbul Türkiye

Dividend payable:

None.

Approval of the financial statements:

The financial statements as of 31 December 2024 have been approved by the Board of Directors of the Company and authorized for issue on 31 January 2025. The General Assembly and/or regulatory authorities have the discretion of making changes in the financial statements after their issuance.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of the Presentation

The accompanying financial statements are prepared in accordance with “Communiqué Uniform Chart of Accounts to be implemented by Financial Leasing, Factoring and Financing Companies and its Explanation as well as the Form and Scope of Financial Statements to be announced to Public” published on the Official Gazette no.28861 dated 24 December 2013 promulgated by Banking Regulation and Supervision Agency (“BRSA”), Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and the appendices and interpretations promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) and the regulations, communiqués, statements and circulars published by BRSA on accounting and financial reporting principles (together referred to as “BRSA Accounting and Financial Reporting Principles”).

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.1.1 Functional and Reporting Currency

Functional currency of the Company, and the presentation currency for the financial statements is Turkish Lira (“TRY”).

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

2.1.2 Preparation of Financial Statements in Hyperinflationary Periods

The non-consolidated financial statements have been prepared in accordance with the provisions of the Banking Law No. 5411 ("Banking Law"), the "Regulation on Accounting Practices of Banks and the Storage of Documents" published in the Official Gazette No. 26333 on November 1, 2006 ("Regulation"), and other regulations issued by the Banking Regulation and Supervision Agency ("BRSA") regarding the account recording system of banks, along with circulars and explanations provided by BRSA. For matters not addressed by these regulations, the provisions of the Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight, Accounting and Auditing Standards Authority ("KGK") are applied (collectively, "BRSA Accounting and Financial Reporting Legislation"). However, the TFRS standard IAS 29 "Financial Reporting in Hyperinflationary Economies" does not apply to banks, as well as to financial leasing, factoring, financing, savings financing, and asset management companies, as explained below.

The format and content of the non-consolidated financial statements to be disclosed to the public, along with their disclosures and footnotes, have been prepared in accordance with the "Communiqué on Financial Statements to be Disclosed to the Public by Banks, and the Disclosures and Footnotes Related to These Statements" published in the Official Gazette No. 28337 on June 28, 2012, and the "Communiqué on Public Disclosures Regarding Risk Management by Banks" published in the Official Gazette No. 29511 on October 23, 2015, as well as the amendments and updates to these communiqués. The bank keeps its accounting records in Turkish lira, in compliance with the Banking Law, the Turkish Commercial Code, and the Turkish Tax Legislation.

In its announcement dated November 23, 2023, the Public Oversight, Accounting, and Auditing Standards Authority (KGK) mandated that entities applying Turkish Financial Reporting Standards (TFRS) implement Turkish Accounting Standard 29 (TMS 29) – Financial Reporting in Hyperinflationary Economies in their financial statements, effective from the reporting period ending December 31, 2023. Furthermore, regulatory bodies and institutions authorized to oversee specific industries were granted discretion in determining different transition dates for the implementation of TMS 29. In this regard, pursuant to the decision of the Banking Regulation and Supervision Agency (BDDK) dated December 12, 2023 (Decision No. 10744), banks, financial leasing companies, factoring companies, financing companies, savings financing companies, and asset management companies were exempted from applying inflation adjustments under TMS 29 in their financial statements as of December 31, 2023. Additionally, per BDDK's decision dated January 11, 2024 (Decision No. 10825), these entities were required to adopt inflation accounting as of January 1, 2025. Consequently, TMS 29 was not applied in the financial statements for the period ending December 31, 2024, and no inflation adjustments were made. Subsequently, based on BDDK's decision dated December 5, 2024 (Decision No. 11021), it was determined that banks, financial leasing companies, factoring companies, financing companies, savings financing companies, and asset management companies would not be required to implement inflation accounting in 2025.

2.1.3 Clarification/Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.1.4 Going Concern

The financial statements have been prepared based on the going concern assumption.

2.1.5 Comparative information and correction of prior periods' financial statements

The financial statements of the Company are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. When the presentation or classification of the items of the financial statements' changes, the prior period financial statements are reclassified accordingly in order to ensure comparability.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

2.1.6 Accounting Estimates

The preparation of financial statements in accordance with reporting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant accounting estimates used are described in the following notes:

Note 8 – Factoring receivables, non-performing receivables

Note 18 – Employee benefits

Note 22 – Commitments and contingencies

2.2 Change in Accounting Estimates and Errors

If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods.

Material accounting errors are adjusted retrospectively, and prior periods’ financial statements are restated.

2.3 The New Standards, Amendments and Interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2024, are consistent with those of the previous fiscal year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 31 December, 2024, and thereafter. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

i) **The new standards, amendments and interpretations which are effective as of January 1, 2024, are as follows:**

a) ***Standards, amendments, and interpretations applicable as of 31 December 2024:***

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.3 The New Standards, Amendments and Interpretations (Continued)

- **Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.
- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Company 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 IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments;** effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available). These amendments:
 - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
 - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).
- **Annual improvements to IFRS – Volume 11;** Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.3 The New Standards, Amendments and Interpretations (Continued)

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash Flows.
- **IFRS 18 Presentation and Disclosure in Financial Statements;** effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
 - the structure of the statement of profit or loss;
 - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.
 - **IFRS 19 Subsidiaries without Public Accountability: Disclosures;** effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:
 - it does not have public accountability; and
 - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

2.4. Segment Reporting

None.

3. SIGNIFICANT ACCOUNTING POLICIES

I. Explanation for convenience translation into English:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 December 2024. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounting policies and valuation principles used to prepare the accompanying financial statements are as follows:

a. Revenue

Factoring revenue consists of factoring interest and commission income collected or accrued on advances given to the customers. Commission income is a certain percentage of the total amount of invoices subject to factoring. Factoring interest and commission income is recognised on accruals basis using effective interest methods.

Other interest income is accrued based on the effective interest which equals the estimated cash flows to net carrying value of the related asset. Dividend income from equity share investments is recognized when the shareholders have the right to receive the payment. All income and expenses are accounted for on accrual basis.

b. Tangible Assets

Tangible assets are depreciated over the estimated useful lives of the related assets on a straight-line basis over the cost. The estimated useful lives, residual values and depreciation method are reviewed at each reporting date. Leasehold improvements are depreciated in straight-line method, over shorter of their useful lives or tenancy.

The cost of replacing part of an item of tangible assets 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 Company and its cost can be measured reliably. The costs of the day-to-day servicing of tangible assets are recognized in the profit or loss as incurred.

Gains and losses on disposal of an item of tangible assets are determined by comparing the proceeds from disposal with the carrying amount of tangible assets and are recognized net within other operating income/expense in the statement of profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

<u>Descriptions</u>	<u>Years</u>
Furniture and fixtures	5 years
Leasehold improvements	5 years

c. Intangible Assets

Intangible assets are reported at their acquisition cost, less accumulated amortization and any permanent impairment losses. The estimated useful lives, residual values, and amortization methods of these assets are reviewed at each reporting period. These assets are amortized using the straight-line method over their estimated useful lives. The company's computer software and licenses have an estimated useful life of 5 years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their useful lives. Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortized over their estimated useful lives not exceeding five years.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Impairment of Non-Financial Assets

The carrying amounts of the Company’s non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e. Borrowing Costs

All borrowing costs are recorded in the profit or loss statement in the period in which they are incurred.

f. Financial Instruments

Financial assets

As of 1 January 2018, the Company within the scope of “IFRS 9 Financial Instruments”, classifies and accounts its financial assets as “Financial Assets at Fair Value Through Profit or Loss”, “Financial Assets at Fair Value Through Other Comprehensive Income” or “Financial Assets at Measured at Amortised Cost” by taking into account their business model and contractual cash flow characteristics. Financial assets are recognized or derecognized according to IFRS 9 “Recognition and Derecognition in the financial statements” requirements. The Company recognizes a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the financial instrument. Financial assets are measured at their fair value on initial recognition in the financial statements.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Assets at Fair Value Through Profit or Loss

Financial assets that are measured at amortized cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are financial assets held for the purpose of generating profit from short-term fluctuations in price or similar factors in the market or being part of a portfolio for profitability in the short term, regardless of the acquisition reason. Financial assets which are derivative instruments not acting as a hedging instrument against financial risk is also classified under Financial assets at fair value through profit or loss.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortized cost are those financial assets where the company has the intention and ability to held to the maturity, fixed or determinable payment plan, fixed-term debt instruments. Financial assets measured at amortized cost are recorded at amortized cost using the effective interest method less impairment, with revenue recognized using effective interest method.

Financial Assets at Fair Value Through Other Comprehensive Income

The Company has equity investments and debt securities quoted on an active market and investments in fair values are classified as financial assets carried at fair value through other comprehensive income.

Gains and losses arising from changes in the fair value impairment loss recognized in the income statement, interest and monetary assets and interest and monetary assets calculated using the effective interest method are recognized in other comprehensive income and the financial assets are accumulated in the fund of revaluation. In the event that the investment is disposed of or is impaired, the total profit / loss accumulated in the revaluation fund of financial assets is classified in the income statement.

Dividends on equity instruments recognized at fair value through other comprehensive income are recognized in income statement when the Company's right to receive payment is established.

Factoring Receivables and Other Receivables

Loans and receivables include factoring receivables and other receivables. Factoring receivables and other receivables are carried at fair value at initial recognition, and they are carried at amortized cost subsequent to initial recognition, using the effective interest method.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Factoring Receivables and Other Receivables (Continued)

Factoring transactions are accounted for at carrying amounts in subsequent reporting periods. The Company management believes that carrying amounts of factoring receivables approximate to their fair values since amortization is taken into account at initial recognition.

In accordance with the “IFRS 9-Financial Instruments, the Company recognizes expected credit loss allowance on financial assets at fair value through other comprehensive income or financial assets measured at amortized cost.

Under IFRS 9, the expected credit loss and specific provision is calculated according to the “three-stage” impairment model based on the change in the loan quality of financial assets after initial recognition and detailed in the following headings:

Stage 1:

An important determinant for calculating the expected credit loss in accordance with IFRS 9 is to assess whether there is a significant increase in the credit risk of the financial asset. Financial assets that have not experienced a significant increase in credit risk since the initial recognition are monitored in the first stage. Impairment for credit risk for the financial assets is equal to the 12-month expected credit losses.

Stage 2:

Financial assets that experienced a significant increase in the credit risk since initial recognition, are transferred to Stage 2. The expected credit loss of these financial assets are measured at an amount equal to the instrument’s lifetime expected credit loss. In order to classify a financial asset in the second stage, the following criteria is considered:

- Overdue between 30-90 days
- Restructuring of the loan
- Significant deterioration in the probability

In the event of a significant deterioration in the probability of default, the credit risk is considered to be increased significantly, and the financial asset is reclassified as stage 2.

Stage 3:

Financial assets with sufficient and fair information for impairment at the reporting date, are classified in the third stage. Expected credit loss of these financial assets is measured at an amount equal to the lifetime expected credit loss. The following basic factors are considered for the classification of a financial asset in the third stage:

- More than 90 days past due
- Whether the credit rating is weakened, has suffered a significant weakness or cannot be collected or there is a certain opinion on this matter

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with maturities of three months or less than three months from date of acquisition and that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value on the balance sheet and are subsequently re-measured at fair value. The change in fair value is accounted under the statement of profit or loss. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on effective interest method.

The effective interest method that calculates the amortized cost of a financial liability and allocates interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to net present value of financial liabilities.

g. Derivative Financial Instruments

The Company’s activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivative financial instruments (primarily foreign currency forward and currency swap contracts) to hedge its financial risks associated with foreign currency and interest rate fluctuations in relation to forecasted currency and loan transactions. In addition, the FC-TRY direction foreign currency swap transactions are chosen due to its cost of advantage and are used to create foreign currency financing. TRY is obtained from the banks as loan which is then converted into foreign currency by swap transactions and the interest paid is shown under finance expense in the financial statements of the Company.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Derivative Financial Instruments (Continued)

Derivative financial instruments are initially measured at fair value on the contract date and are remeasured at fair value at subsequent reporting dates. Although some of the derivative transactions provide economic hedging, since all necessary conditions for hedge accounting have not been met, the Company classifies these transactions as held for trading and therefore, changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

h. Effects of Changes in Exchange Rates

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

The foreign currency exchange rates used by the Company as of 31 December 2024 and 31 December 2023 are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
USD	35.2803	29.4382
EUR	36.7362	32.5739
GBP	44.2073	37.4417
AUD	21.8769	20.0213
CNY	4.8063	4.1212

In preparation of the financial statements of the Company, transactions in currencies other than TRY (foreign currencies) are recorded at the prevailing exchange rates at the transaction date. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

i. Earnings per Share

In Turkey, companies can increase their share capitals by issue of “Bonus Shares” to their shareholders from their retained earnings. In computing earnings per share, such issues of “Bonus Shares” are treated as issued shares. Accordingly, the retrospective effect for those share issues is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

j. Events after the Reporting Period

Events after the reporting period means the events occurred between the reporting date and the authorization date for the announcement of the financial statements. In accordance with TAS 10 “Events After the Reporting Date”; post-balance sheet events that provide additional information about the Company’s position at the reporting dates (adjusting events) are reflected in the financial statements. Post-balance sheet events that are not adjusting events are disclosed in the notes when material.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Provisions, Contingent Liabilities and Contingent Assets

In accordance with the TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, a provision is recognized when the Company has a legal or constructive 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 the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Company discloses the related issues in the accompanying notes. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the time value of the money is significant to the provision.

Contingent assets are disclosed in the notes and not recognized unless they are realized.

l. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

The company operates leases within the scope of TFRS 16 “Leases” standard. Within the framework of the standard, operating leases are subordinated to financial leases. Financial statements for contracts within the scope of TFRS 16. Right-of-use assets and lease liabilities are reflected, respectively, as “Tangible Fixed Intangibles Assets” and “Liabilities from Lease Transactions” followed by a similar method. Rental liability, the alternative on the date of initial application or contract of future lease payments. It is calculated by discounting using borrowing interest rates. Fixed assets accounted for as assets are depreciated over the contract period are subject to interest expenses and foreign exchange differences on lease liabilities, profit or loss associated with the table.

m. Segment Reporting

The Company provides factoring services only in Turkey. Furthermore, there are no business segments whose financial performance are reviewed by the Company’s management separately. Hence, the Company has not disclosed segment reporting.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Taxes on Income

Current Tax

The tax liability for the current year is calculated on the taxable portion of the profit for the period. Taxable profit differs from the profit or loss stated in the profit or loss statement because it excludes items of income or expenses that are taxable or deductible in other years and items that cannot be taxed or deducted. The Company's current tax liability is calculated using the legalized or substantially legalized tax rate as of the balance sheet date.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, investment incentives, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Company calculates and accounts for deferred tax in accordance with TAS 12 “Income Taxes” for the temporary differences between the applied accounting policies and valuation principles and the tax base value determined in accordance with the tax legislation.

Deferred taxes on assets related to equity are associated with the equity account group and netted off with the related accounts in this group.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Employee Benefits / Reserve for Employee Termination Benefits

In accordance with the existing social legislation in Turkey, the Company is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are recognized in the accompanying financial statements as accrued. The computation of the liability is based upon the retirement pay ceiling announced by the government.

In accordance with TAS 19 “Employee Benefits”, the Company calculated the employee severance indemnities incurred due to retirement of its employees by discounting the future liabilities to their present values, by using actuarial method and reflected to the financial statements. The main estimates used are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Discount rate	3.98%	3.28%
Expected rate of salary/limit increase	21.85%	19.65%
Probability of retirement	91.67%	91.52%

The key assumption is the annual increase of the cap liability, starting from January 1, 2006, in proportion to inflation. This adjustment ensures that the applied discount rate reflects the real rate, free from the expected effects of inflation. The severance pay cap is revised semi-annually, and as of December 31, 2024, the severance pay cap used for calculating the Company’s severance provision is 46,655.43 Turkish Lira (TL), effective from January 1, 2025 (compared to the severance pay cap of 23,489.83 TL, effective from January 1, 2024, as of December 31, 2023).

p. Statement of Cash Flows

In the statement of cash flows, cash flows are reported as classifying according to operating, investing and financing activities.

Cash flows from operating activities reflect cash flows mainly generated from factoring operations of the Company.

Cash flows from investing activities express cash used in investing activities (direct investments and financial investments) and cash flows generated from investing activities of the Company.

Cash flows relating to financing activities express sources of financial activities and payment schedules of the Company.

r. Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are reclassified as dividend payables by netting off from the retained earnings in the period in which they are approved and disclosed.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Related Parties

In accordance with TAS 24 “Related Party Disclosures” shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

For the purpose of the accompanying financial statements, shareholders of the Company, the companies controlled by/associated with them, key management and the Board members of the Company are referred to as related parties (Note 9).

4. CASH AND CASH EQUIVALENTS

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Demand deposits	825,383	47,485	398,271	40,218
	825,383	47,485	398,271	40,218

As of 31 December 2024, GBP 675, USD 105, EUR 378, CNY 5, AUD 2, total TRY 47.485 portion of total foreign currency deposits (31 December 2023: EUR 59, USD 186, GBP 875, CNY 5, AUD 2, total TRY 40.218) and TRY 825.383 portion of total TRY deposits (31 December 2023: TRY 398.271) consist of accounts at the Company’s ultimate shareholder, Türkiye İş Bankası A.Ş.

The reconciliation of carrying value of cash and cash equivalents in the accompanying financial statements and the statement of cash flows is as follows:

	31 December 2024	31 December 2023
	Demand deposits	872,868
Cash and cash equivalents	872,868	438,489

As of 31 December 2024, and 31 December 2023, there is no blockage on cash and cash equivalent.

5. FINANCIAL ASSETS WITH FAIR VALUE DIFFERENCE REFLECTED IN PROFIT/LOSS

As of 31 December 2024, and 31 December 2023, the details of the Company's financial assets at fair value through profit/loss are as follows:

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Other Financial Assets for Trading Purposes	-	-	24,328	-
	-	-	24,328	-

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

6. DERIVATIVE FINANCIAL ASSETS

Derivative financial instruments are measured at their fair values. Favorable fair value changes of derivative financial instruments are recognized under derivative financial assets held for trading and unfavorable fair value changes of derivative financial instruments are recognized under derivative financial liabilities held for trading.

As of December 31, 2024, and December 31, 2023, the Company does not have any derivative financial assets or liabilities.

7. FINANCIAL ASSETS at FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As of 31 December 2024, and 31 December 2023, details of financial assets at fair value through other comprehensive income (Formerly known as ‘Financial assets available for sale’):

Title of the investment	Core business	Foundation and Operating Location	Ownership rate (%)		Carrying Amount		
			31 December 2024	31 December 2023	31 December 2024	31 December 2023	
<u>Quoted Investments:</u>							
İş Yatırım Menkul Değerler A.Ş.	Yatırım ve Menkul Kıymet Hizmetleri	İstanbul	2.43	2.43	1,727,703	1,110,463	
<u>Unquoted investments:</u>							
Yatırım Finansman Menkul Değerler A.Ş.	Yatırım ve Menkul Kıymet Hizmetleri	İstanbul	0.06	0.06	29	29	
Efes Varlık Yönetim A.Ş.	Varlık Yönetimi	İstanbul	2.86	2.86	6,571	3,714	
TOTAL					1,734,303	1,114,206	

Movement table of financial assets at fair value through other comprehensive income is as follows:

	31 December 2024	31 December 2023
Opening balance on 1 January 2024	1,114,206	544,119
Free shares	-	27,851
Purchases	2,857	-
Sales	-	-
Revaluation increase	617,240	542,236
Correction for past years	1,734,303	1,114,206

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

8. FACTORING RECEIVABLES AND PAYABLES

8.1. Factoring Receivables

As of 31 December 2024, and 31 December 2023, the rating of factoring receivables is as follows:

	31 December 2024	31 December 2023
Import and domestic factoring receivables	30,071,843	20,822,501
Export factoring receivables	5,302,748	1,740,262
Factoring interest income accruals	325,347	321,341
Unearned interest income (-)	(575,538)	(728,867)
Expected Credit Loss - Stage 1 (*)	(101,883)	(112,500)
Expected Credit Loss - Stage 2	(82,514)	(56,510)
Total factoring receivables	34,940,003	21,986,227
Non-performing factoring receivables	386,217	336,848
Expected Credit Loss- Stage 3	(293,854)	(232,908)
Factoring receivables, net	35,032,366	22,090,167

(*) It also includes the expected loss provisions of TRY 2,257 (December 31, 2023: TRY 1,977) allocated for financial assets.

As of 31 December 2024, the rating of factoring receivables is as follows:

Ratings	Stage 1	Stage 2	Stage 3	Total
Total portfolio	34,824,258	300,142	386,217	35,510,617
Very Good (**)	23,309,089	-	-	23,309,089
Standard	11,515,169	-	-	11,515,169
Substandard	-	300,142	386,217	686,359
Expected credit losses (*)	(101,883)	(82,514)	(293,854)	(478,251)
Factoring receivables, net	34,722,375	217,628	92,363	35,032,366

(*) It also includes the expected loss provisions of TRY 2,257 allocated for financial assets.

(**) The corporate portfolio includes firms that possess an external credit rating of "investment grade" or those with high creditworthiness as determined by the internal rating set by the Credit Monitoring Committee.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

8. FACTORING RECEIVABLES AND PAYABLES (Continued)

8.1. Factoring Receivables (Continued)

	Carried value			Expected credit loss		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial assets	872,868	-	-	(2,257)	-	-
Factoring receivables	34,824,258	300,142	386,217	(99,626)	(82,514)	(293,854)

As of 31 December 2023, the rating of factoring receivables is as follows:

Ratings	Stage 1	Stage 2	Stage 3	Total
Total portfolio	21,899,753	255,484	336,848	22,492,085
Very good ^(**)	10,333,636	-	-	10,333,636
Standard	11,566,117	-	-	11,566,117
Substandard	-	255,484	336,848	592,332
Expected credit losses ^(*)	(112,500)	(56,510)	(232,908)	(401,918)
Factoring receivables, net	21,787,253	198,974	103,940	22,090,167

(*) It also includes the expected loss provisions of TRY 1,977 allocated for financial assets.

(**) The corporate portfolio includes firms that possess an external credit rating of "investment grade" or those with high creditworthiness as determined by the internal rating set by the Credit Monitoring Committee..

	Carried value			Expected credit loss		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial assets	438,489	-	-	(1,977)	-	-
Factoring receivables	21,899,753	255,484	336,848	(110,523)	(56,510)	(232,908)

As of 31 December 2024 TRY 3,589,262, EUR 77,213, USD 57,944 and GBP 5,287 of factoring receivables have variable rates (31 December 2023: TRY 568,865, EUR 24,757, USD 10,286 and GBP 2,922) while TRY 22,285,602, EUR 44,848, USD 72,123, GBP 3 of factoring receivables have fixed rates (31 December 2023: TRY 18,263,351, EUR 15,914, USD 51,723, GBP 7).

As of 31 December 2024, the average interest rate applicable for the factoring receivables is; 51.32% for TRY, 8.68% for USD, 7.39% for EUR and 9.20% for GBP (31 December 2023: 44.99% for TRY, 11.60% for USD, 8.37 % for EUR and 9.33% for GBP).

The Company has contractual sureties as collateral for factoring receivables.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

8. FACTORING RECEIVABLES AND PAYABLES (Continued)

8.1. Factoring Receivables (Continued)

The details of the factoring receivables based on types of factoring transactions are as follows:

	31 December 2024	31 December 2023
Domestic Non-Recourse	16,100,592	11,168,949
Domestic Recourse	13,566,631	9,118,129
Foreign Recourse	2,911,039	609,758
Foreign Non-Recourse	2,454,104	1,193,331
	35,032,366	22,090,167

The Company has a past-due factoring receivable of 1,209 TL (as of December 31, 2023: 2,301 TL).

The aging of non-performing factoring receivables is as follows:

	31 December 2024	31 December 2023
Between 0-90 days	8,689	19,298
Between 90-180 days	25,598	32
Between 180-360 days	19,779	2,973
Over 360 days	332,151	314,545
	386,217	336,848

The Company has contract bail, collateral bonds, securities and real estate retort as collateral for the factoring receivables in the follow-up above.

The transaction statement for the expected loss allocated for factoring receivables and financial assets is as follows:

	31 December 2024	31 December 2023
Allowance at the beginning of the period	(401,918)	(378,387)
Provision reversed during the period	(293,228)	(179,816)
Collections	231,070	166,134
Write-Off	-	16,613
Exchange Difference Income/Expense	(14,175)	(26,462)
Allowance at the end of the period (*)	(478,251)	(401,918)

(*) It also includes the expected loss provisions of TRY 2,257 (December 31, 2023: TRY 1,977) allocated for financial assets.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

8. FACTORING RECEIVABLES AND PAYABLES (Continued)**8.1. Factoring Receivables (Continued)**

As of December 31, 2024, factoring receivables of standard quality and under close monitoring, as well as the payment schedule regarding the factoring receivables under close monitoring, for which the contract for the extension of the contract has been changed information:

	Standard Qualifying Loans	Close Monitoring Loans
12-Month Expected Loss Provision	99,626	-
Significant Increase in Credit Risk	-	82,514
	Standard Qualifying Loans	Close Monitoring Loans
For Extension of Payment Plan Number of Contract Changes	-	143,117
Extended 1 or 2 Times	-	1,012
Extended 3, 4 or 5 Times	-	142,105
Extended Over 5 Times	-	-
	Standard Qualifying Loans	Close Monitoring Loans
Extended Period with Payment Plan Change	-	143,117
0-6 Month	-	-
6-12 Month	-	1,012
1-2 Year	-	-
2-5 Year	-	142,105
5 Year and Over	-	-

As of 31 December 2023, factoring receivables of standard quality and under close monitoring and payment schedule information on factoring receivables under close monitoring, for which contract modifications have been made for the extension of the contract:

	Standard Qualifying Loans	Close Monitoring Loans
12-Month Expected Loss Provision	110,523	-
Significant Increase in Credit Risk	-	56,510
	Standard Qualifying Loans	Close Monitoring Loans
For Extension of Payment Plan Number of Contract Changes	-	142,655
Extended 1 or 2 Times	-	142,655
Extended 3, 4 or 5 Times	-	-
Extended Over 5 Times	-	-

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

8. FACTORING RECEIVABLES AND PAYABLES (Continued)

8.1. Factoring Receivables (Continued)

	Standard Qualifying Loans	Close Monitoring Loans
Extended Period with Payment Plan Change	-	142,655
0-6 Months	-	-
6-12 Months	-	142,655
1-2 Years	-	-
2-5 Years	-	-
5 Years and Over	-	-

8.2. Factoring Payables:

As of 31 December 2024, and 31 December 2023, details of factoring payables are as follows:

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Factoring payables	1,163	9,531	1,636	11,125
	1,163	9,531	1,636	11,125

9. RELATED PARTIES

As of 31 December 2024, and 31 December 2023, the details of assets related to related parties are as follows:

	31 December 2024	31 December 2023
<u>Banks</u>		
Türkiye İş Bankası A.Ş. Demand Deposit	32,831	33,940
İş Bankası AG Demand Deposit	109	106
	32,940	34,046
<u>Factoring Receivables</u>		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	6,098,153	-
İş Enerji Yatırımları A.Ş.	37,854	-
Enaş Enerji Yatırımları A.Ş.	10,886	-
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş.	7,274	20,999
Bayek Tedavi Sağlık Hizm. İřlt. A.Ş.	-	190,792
	6,154,167	211,791

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

9. RELATED PARTIES (CONTINUED)

	<u>31 December 2024</u>	<u>31 December 2023</u>
<u>Other Payables</u>		
İş Net Elektronik Bilgi Üretim Dağ Tic.ve İlet.Hiz. A.Ş.	929	1,272
SoftTech Yazılım Teknolojileri Ar.Gel.ve Paz.Tic. A.Ş.	841	143
Türkiye İş Bankası A.Ş.	150	56
Topkapı Danışmanlık Elek.Hiz. Paz.Tic. A.Ş.	81	-
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş.	7	59
İş Merkezleri Yönetim ve İşletim A.Ş.	1	153
Bayek Tedavi Sağlık Hizm. İşlt. A.Ş.	-	430
Anadolu Hayat Sigorta A.Ş.	-	41
Anadolu Anonim Türk Sigorta A.Ş.	-	24
	<u>2,009</u>	<u>2,178</u>

Borrowings

31 As of 31 December 2024 and 31 December 2023, details of borrowings from related parties are as follows:

Türkiye İş Bankası A.S.

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>31 December 2024</u>
TL	49.00	02/01/2025-06/01/2025	2,047,025
USD	6.90	31/03/2025	721,627
EUR	5.10-6.10	03/02/2025-31/03/2025	2,308,426
			<u>5,077,078</u>

Türkiye Sınai Kalkınma Bankası A.S.

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>31 December 2024</u>
USD	7.90	28/05/2025-13/06/2025	533,513
			<u>533,513</u>

İş Bankası AG

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>31 December 2024</u>
TL	47.00	02/01/2025	212,395
EUR	5.30-5.55	13/01/2025-28/01/2025	285,647
			<u>498,042</u>

Türkiye İş Bankası A.S.

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>31 December 2023</u>
TL	38.00-48.00	04/01/2024-12/06/2024	5,279,157
USD	6.00-10.10	02/01/2024-08/04/2024	954,504
EUR	4.50	02/01/2024	176,620
			<u>6,410,281</u>

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

9. RELATED PARTY DISCLOSURES (Continued)

Türkiye Sınai Kalkınma Bankası A.Ş.

As of December 31, 2023, there is no outstanding balance of loans with Türkiye Sınai Kalkınma Bankası A.Ş.

İş Bankası AG

As of December 31, 2023, there is no outstanding balance of loans with İş Bankası AG.

For the periods ended 31 December 2024 and 31 December 2023, leasing transactions with related parties are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<u>Leasing Payables</u>		
Türkiye İş Bankası A.Ş.	409	19
	<u>409</u>	<u>19</u>

As of December 31, 2024, and December 31, 2023, the details of the securities purchased by related parties are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<u>Securities Purchased</u>		
Anadolu Hayat Emeklilik A.Ş.	250,000	-
Milli Reasürans Türk A.Ş.	216,342	-
Anadolu Sigorta A.Ş.	14,400	-
	<u>480,742</u>	<u>-</u>

The details of income and expenses from related parties for the accounting periods ending on 31 December 2024 and 31 December 2023 are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
<u>Factoring Interest Income</u>		
Türkiye Şişe ve Cam Fabrikaları A.Ş.	70,275	-
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	23,810	18,316
Ortopro Tıbbi Aletler San. ve Tic. A.Ş.	3,224	2,135
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş.	-	407
	<u>97,309</u>	<u>20,858</u>

Factoring Commission & Cost Income

	<u>31 December 2024</u>	<u>31 December 2023</u>
Ortopro Tıbbi Aletler San. ve Tic. A.Ş.	517	422
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	430	848
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş.	-	33
	<u>947</u>	<u>1,303</u>

Interest Income on Securities

	<u>31 December 2024</u>	<u>31 December 2023</u>
Türkiye İş Bankası A.Ş. (Investment Fund Income)	3,404	844
	<u>3,404</u>	<u>844</u>

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

9. RELATED PARTY DISCLOSURES (Continued)

<u>Derivative Income</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Türkiye Sınai Kalkınma Bankası A.Ş.	9,785	-
Türkiye İş Bankası A.Ş.	2,908	-
	12,693	-
<u>Dividend Income</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
İş Yatırım Menkul Değerler A.Ş.	38,919	18,365
Yatırım Finansman Menkul Değerler A.Ş.	11	-
	38,930	18,365
<u>Factoring Commission & Cost Expenses</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Türkiye İş Bankası A.Ş.	18,387	42,687
İş Yatırım Menkul Değerler A.Ş.	5,069	5,698
İşbank AG	10	5
	23,466	48,390
<u>Financial Expenses</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Türkiye İş Bankası A.Ş.	790,796	959,720
Türkiye Sınai Kalkınma Bankası A.Ş.	25,760	3,522
İşbank AG	16,941	106
	833,497	963,348
<u>Administrative Expenses</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Anadolu Anonim Türk Sigorta A.Ş.	8,875	4,298
İş Merkezleri Yönetim ve İşletim A.Ş.	6,512	3,310
İş Net Elektronik Bilgi Üretim Dağ Tic. ve İletişim Hiz. A.Ş.	5,964	3,138
Softitech Yazılım Teknolojileri Araştırma Geliştirme ve Pazarlama Ticaret A.Ş.	3,276	1,439
Türkiye İş Bankası A.Ş.	658	151
Paşabahçe Mağazaları A.Ş.	338	-
Topkapı Danışmanlık Elek.Hiz. Paz.Tic. A.Ş.	278	-
Anadolu Hayat Emeklilik A.Ş.	148	85
	26,049	12,421
<u>Rent Expenses (*)</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Türkiye İş Bankası A.Ş.	7,484	4,827
	7,484	4,827

(*) It is given as the total amount of depreciation and financing expenses allocated for rent within the scope of TFRS 16 standard.

Benefits for Board Members

In the period ending on December 31, 2024, the sum of the wages and other benefits (including monetary rights such as wages as well as car rental and other expense items) obtained by the senior vacancies of the general manager, assistant general managers and members of the board of directors is 53,734 TRY (31 December 2023: 26,158 TL).

İŞ FAKTORİNG ANONİM ŞİRKETİNOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

10. TANGIBLE ASSETS

	Vehicles	Furniture and Fixtures	Right-of-use assets	Special Costs	Total
<u>Cost</u>					
Opening balance on 1 January 2024	-	4,474	10,835	1,299	16,608
Additions	-	1,287	13,926	-	15,213
Disposals	-	(24)	(5,677)	-	(5,701)
Closing balance on 31 December 2024	-	5,737	19,084	1,299	26,120
<u>Accumulated depreciation</u>					
Opening balance on 1 January 2024	-	(2,922)	(7,408)	(817)	(11,147)
Depreciation for the year	-	(644)	(10,145)	(171)	(10,960)
Disposals	-	24	5,677	-	5,701
Closing balance on 31 December 2024	-	(3,542)	(11,876)	(988)	(16,406)
Net Carrying amount on 31 December 2024	-	2,195	7,208	311	9,714

	Vehicles	Furniture and Fixtures	Right-of-use assets	Special Costs	Total
<u>Cost</u>					
Opening balance on 1 January 2023	183	4,440	5,047	1,299	10,969
Additions	-	367	7,203	-	7,570
Disposals	(183)	(333)	(1,415)	-	(1,931)
Closing balance on 31 December 2023	-	4,474	10,835	1,299	16,608
<u>Accumulated depreciation</u>					
Opening balance on 1 January 2023	(147)	(2,760)	(1,810)	(644)	(5,361)
Depreciation for the year	(6)	(493)	(7,013)	(173)	(7,685)
Disposals	153	331	1,415	-	1,899
Closing balance on 31 December 2023	-	(2,922)	(7,408)	(817)	(11,147)
Net Carrying amount on 31 December 2024	-	1,552	3,427	482	5,461

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

11. INTANGIBLE ASSETS

	<u>31 December 2024</u>	<u>31 December 2023</u>
<u>Cost</u>		
Opening balance on 1 January	28,240	13,814
Additions	13,053	14,426
Disposals	-	-
Closing balance at the end of the period	<u>41,293</u>	<u>28,240</u>
<u>Accumulated depreciation</u>		
Opening balance on 1 January	(7,462)	(4,091)
Depreciation for the year	(6,620)	(3,371)
Disposals	-	-
Closing balance at the end of the period	<u>(14,082)</u>	<u>(7,462)</u>
Net Carrying amount	<u>27,211</u>	<u>20,778</u>

12. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is calculated using the liability method on the basis of the temporary differences between the recorded values of assets and liabilities in the financial statements and their tax values. In the calculation of deferred tax, the tax rates valid as of the date of the statement of financial position in accordance with the current tax legislation are used.

As of December 31, 2024, and December 31, 2023, the breakdown of deferred tax assets and liabilities calculated on temporary differences using the applicable tax rates is as follows: (31 December 2024 and 31 December 2023:30%)

<u>Temporary time differences subject to deferred tax:</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Unearned interest income	575,538	728,867
Expected loss provision- Stage 1 and 2	184,397	169,011
Employee bonus accrual	25,755	13,393
Cash collected commission income and expense	13,580	24,441
Financial Instruments Valuation Difference	12,297	42,303
Reserve for employee benefits	10,589	5,871
Unused vacation provision	9,713	4,852
Payables from Rental Transactions	8,669	3,775
Foreign Exchange Difference	(368)	-
Differences in Loans Taken/Prepaid Commission Expenses Issued	(5,650)	(9,443)
Tax base differences in tangible and intangible assets	(20,202)	(10,556)
Valuation differences of monetary items in foreign currency	(1,438,689)	(886,424)
	<u>(624,371)</u>	<u>86,090</u>

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

12. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

<u>Deferred tax assets / (liabilities)</u>	<u>31 December 2024</u>	<u>31 December 2023</u>
Unearned interest income	172,662	218,660
Expected loss provision- Stage 1 and 2	55,319	50,703
Reserve for employee benefits	7,726	4,018
Employee bonus accrual	4,074	7,332
Financial Instrument Valuation Differences	3,690	12,691
Reserve for employee benefits	3,177	1,761
Unused vacation provision	2,914	1,456
Payables from Rental Transactions	2,601	1,133
Foreign Exchange Difference	(110)	-
Obtained Credits Issued Cash Payments Comm.Gif Differences	(1,695)	(2,833)
Tax base differences in tangible and intangible assets	(6,061)	(3,167)
Swap Transaction	(215,805)	(66,482)
Deferred tax assets (net)	28,492	225,272

Movements of deferred tax assets movement for the years ended 31 December 2024 and 31 December 2023 are as follows:

	<u>1 January – 31 December 2024</u>	<u>1 January – 31 December 2023</u>
Opening balance on 1 January	225,272	113,031
Deferred tax benefit / (expense)	(48,884)	178,538
Classified under other comprehensive income	(147,896)	(66,297)
Closing balance	28,492	225,272

13. OTHER ASSETS

As of 31 December 2024, and 31 December 2023, details of prepaid expenses are as follows:

	<u>31 December 2024</u>		<u>31 December 2023</u>	
	<u>TRY</u>	<u>FC</u>	<u>TRY</u>	<u>FC</u>
BSMV Amount to be Collected from Customers	61,144	260	62,530	280
Prepaid expenses	28,863	-	21,547	-
Other Receivables	2,189	910	1,249	1,070
	92,196	1,170	85,326	1,350

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

14. FUNDS BORROWED

As of 31 December 2024, and 31 December 2023, details of funds borrowed are as presented:

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Short-term borrowings	22,186,358	8,162,807	15,386,600	2,975,817
Total short-term borrowings	22,186,358	8,162,807	15,386,600	2,975,817
Long-term borrowings	-	533,513	-	-
Total long-term borrowings	-	533,513	-	-
Total	22,186,358	8,696,320	15,386,600	2,975,817

As of 31 December 2024, and 31 December 2023, details of borrowings based on types of currency are as follows:

Currency	Interest rate (%)	Original currency amount(thousands)	31 December 2024
TL	47.00-50.15		21,781,475
USD	6.15-8.30	121,197	4,275,870
EUR	4.20-6.60	110,593	4,062,760
GBP	7.20	5,618	248,376
Loan interest accrual			514,197
Total			30,882,678
Currency	Interest rate (%)	Original currency amount(thousands)	31 December 2023
TL	30.00-53.50		14,683,150
USD	6.00-11.50	55,581	1,636,196
EUR	4.50-7.25	36,525	1,189,754
GBP	6.97-7.69	3,412	127,744
Loan interest accrual			725,573
Total			18,362,417

As of 31 December 2024, and 31 December 2023, interest rates of funds borrowed are expressed in simple rates.

As of 31 December 2024, fixed interest funds borrowed are TRY 24,897,257 and floating interest funds borrowed are TRY 5,985,421. (As of 31 December 2023, fixed interest funds borrowed are TRY 15,124,452 and floating interest funds borrowed are TRY 3,237,965).

As of 31 December 2024, letters of guarantee amounting to TRY 11,743,507 for the funds borrowed amounting to TRY 12,020,000. (As of 31 December 2023, letters of guarantee amounting to TRY 5,685,146 for the funds borrowed amounting to TRY 6,036,765).

Fair values of the funds borrowed are presented in Note 35.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

15. PAYABLES FROM LEASING TRANSACTIONS

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Payables from leasing transactions	13,424	-	4,548	-
Deferred leasing expenses	(4,755)	-	(773)	-
	8,669	-	3,775	-

16. DEBT SECURITIES ISSUED

As of 31 December 2024, and 31 December 2023, the details of debt securities issued are as followed:

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Debt securities issued (Net)	2,091,713	-	2,230,115	-
	2,091,713	-	2,230,115	-

The features of the financial bills issued by the Company as of January 1 - December 31, 2024, are as follows:

31 December 2024

<u>ISIN CODE</u>	<u>Date Issued</u>	<u>Nominal Value</u>	<u>Maturity Date</u>	<u>Sales Method</u>	<u>Coupon Period</u>	<u>Simple Interest Rate%</u>
TRFISFA42416	05/01/2024	700,000	04/04/2024	Qualified Investor	Bullet Payment	43.75%
TRFISFA52415	09/01/2024	175,000	08/05/2024	Qualified Investor	Bullet Payment	43.50%
TRFISFA92411	14/06/2024	161,500	12/09/2024	Qualified Investor	Bullet Payment	50.50%
TRFISFAE2412	26/06/2024	838,500	04/10/2024	Qualified Investor	Bullet Payment	51.00%
TRFISFA32516	11/09/2024	115,000	10/03/2025	Qualified Investor	Bullet Payment	49.50%
TRFISFA32524	13/09/2024	100,000	12/03/2025	Qualified Investor	Bullet Payment	49.50%
TRFISFA92510	17/09/2024	200,000	16/09/2025	Qualified Investor	Bullet Payment	50.00%
TRFISFA42515	07/10/2024	150,000	07/04/2025	Qualified Investor	Bullet Payment	46.00%
TRFISFA62513	13/12/2024	1,000,000	11/06/2025	Qualified Investor	Bullet Payment	47.50%
TRFISFA62521	26/12/2024	500,000	24/06/2025	Qualified Investor	Bullet Payment	47.00%

The features of the financial bills redeemed by the Company as of January 1 - December 31, 2024, are as follows:

31 December 2024

<u>ISIN CODE</u>	<u>Date Issued</u>	<u>Nominal Value</u>	<u>Maturity Date</u>	<u>Sales Method</u>	<u>Coupon Period</u>	<u>Simple Interest Rate%</u>
TRFISFA12419	11/09/2023	150,000	09/01/2024	Qualified Investor	Bullet Payment	35.25%
TRFISFA12427	14/09/2023	120,000	04/01/2024	Qualified Investor	Bullet Payment	37.00%
TRFISFA12435	15/09/2023	300,000	03/01/2024	Qualified Investor	Bullet Payment	38.00%
TRFISFA12443	26/09/2023	700,000	05/01/2024	Qualified Investor	Bullet Payment	39.50%
TRFISFA32425	28/09/2023	100,000	26/03/2024	Qualified Investor	Bullet Payment	41.00%
TRFISFA32433	19/10/2023	350,000	18/03/2024	Qualified Investor	Bullet Payment	40.00%
TRFISFA22418	29/12/2023	586,000	27/02/2024	Qualified Investor	Bullet Payment	44.50%
TRFISFA42416	05/01/2024	700,000	04/04/2024	Qualified Investor	Bullet Payment	43.75%
TRFISFA52415	09/01/2024	175,000	08/05/2024	Qualified Investor	Bullet Payment	43.50%
TRFISFA92411	14/06/2024	161,500	12/09/2024	Qualified Investor	Bullet Payment	50.50%
TRFISFAE2412	26/06/2024	838,500	04/10/2024	Qualified Investor	Bullet Payment	51.00%

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

16. DEBT SECURITIES ISSUED (Continued)

The features of the financial bills issued by the Company as of January 1 - December 31, 2023, are as follows:

31 December 2023

<u>ISIN CODE</u>	<u>Date Issued</u>	<u>Nominal Value</u>	<u>Maturity Date</u>	<u>Sales Method</u>	<u>Coupon Period</u>	<u>Simple Interest Rate%</u>
TRFISFA52316	13/01/2023	508,810	15/05/2023	Qualified Investor	Bullet Payment	22.00%
TRFISFA12419	11/09/2023	150,000	09/01/2024	Qualified Investor	Bullet Payment	35.25%
TRFISFA12427	14/09/2023	120,000	04/01/2024	Qualified Investor	Bullet Payment	37.00%
TRFISFA12435	15/09/2023	300,000	03/01/2024	Qualified Investor	Bullet Payment	38.00%
TRFISFAK2315	19/09/2023	270,000	16/11/2023	Qualified Investor	Bullet Payment	37.00%
TRFISFA12443	26/09/2023	700,000	05/01/2024	Qualified Investor	Bullet Payment	39.50%
TRFISFA32425	28/09/2023	100,000	26/03/2024	Qualified Investor	Bullet Payment	41.00%
TRFISFA32433	19/10/2023	350,000	18/03/2024	Qualified Investor	Bullet Payment	40.00%
TRFISFA22418	29/12/2023	586,000	27/02/2024	Qualified Investor	Bullet Payment	44.50%

The features of the financial bills redeemed by the Company as of January 1 - December 31, 2023, are as follows:

31 December 2023

<u>ISIN CODE</u>	<u>Date Issued</u>	<u>Nominal Value</u>	<u>Maturity Date</u>	<u>Sales Method</u>	<u>Coupon Period</u>	<u>Simple Interest Rate%</u>
TRFISFA12310	15/09/2022	300,000	13/01/2023	Qualified Investor	Bullet Payment	21.66%
TRFISFA42317	12/12/2022	420,000	11/04/2023	Qualified Investor	Bullet Payment	24.24%
TRFISFA42325	19/12/2022	400,300	18/04/2023	Qualified Investor	Bullet Payment	23.67%
TRFISFA42333	23/12/2022	300,390	24/04/2023	Qualified Investor	Bullet Payment	23.94%
TRFISFA32326	27/12/2022	328,500	27/03/2023	Qualified Investor	Bullet Payment	23.89%
TRFISFA52316	13/01/2023	508,810	15/05/2023	Qualified Investor	Bullet Payment	23.65%
TRFISFAK2315	19/09/2023	270,000	16/11/2023	Qualified Investor	Bullet Payment	43.27%

17. OTHER LIABILITIES

As of December 31, 2024, and December 31, 2023, the details of other liabilities are as follows:

	<u>31 December 2024</u>		<u>31 December 2023</u>	
	<u>TRY</u>	<u>FC</u>	<u>TRY</u>	<u>FC</u>
BSMV to be paid	40,955	-	43,865	-
Debts to Vendors	6,636	4,052	2,371	3,214
SSI Premiums to be paid	4,484	-	4,412	-
Interest Fees and Commissions Collected in Advance	4,470	8,837	18,982	5,088
Income Tax Payable	3,912	-	1,791	-
Other Taxes and Obligations to be Paid	141	-	79	-
Other Foreign Sources	117	79	80	29
VAT payable	31	-	55	-
	<u>60,746</u>	<u>12,968</u>	<u>71,635</u>	<u>8,331</u>

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

18. EMPLOYEE BENEFITS

As of December 31, 2024, and December 31, 2023, the provision for employee rights obligations is as follows:

	31 December 2024	31 December 2023
Employee bonus provision	25,755	13,393
Reserve for employee severance indemnity	10,589	5,871
Vacation pay liability	9,713	4,852
	46,057	24,116

Under the Turkish Labor Law, the companies are required to pay termination benefits to each employee who has qualified for such amount at the end of its employment contract. Also, employees who are entitled to retirement are required to be paid retirement pay in accordance with the requirements of Act no. 2422 dated 6 March 1981, Act no. 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code no. 506. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended on 23 May 2002.

As the retirement pay ceiling is revised semiannually, the ceiling amount of TRY full 46,655.43 effective from 31 December 2024 has been taken into consideration in calculation of provision for employee termination benefits (31 December 2023: TRY 23,489.83 full).

For the accounting periods ending December 31, 2024, and December 31, 2023, the movement for severance pay is as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the period	5,871	4,233
Actuarial difference	4,753	244
Service Cost	1,718	955
Interest Cost	1,568	998
Severance payment made	(3,321)	(559)
Balance at the end of the period	10,589	5,871

Actuarial gains or losses are recognized in other comprehensive income.

The movements of the vacation pay liability during the periods ended 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the period	4,852	2,323
Provision set during the period (net)	4,861	2,529
Balance at the end of the period	9,713	4,852

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

18. EMPLOYEE BENEFITS (Continued)

The movements of the employee bonus provision during the periods ended 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Balance at the beginning of the period	13,393	5,754
Increase during the period	25,755	13,393
Paid employee bonus during the period	(13,393)	(5,754)
Balance at the end of the period	25,755	13,393

19. OTHER PROVISIONS

Other provisions for the accounting periods ending on 31 December 2024 and 31 December 2023 are as follows like this:

	31 December 2024	31 December 2023
Other provisions	-	10,000
	-	10,000

20. CURRENT TAX LIABILITY

As of 31 December 2024, and 31 December 2023, details of current tax liability are as follows:

	31 December 2024	31 December 2023
Provision for corporate taxes	364,107	632,688
Prepaid Taxes	(235,280)	(434,388)
Current tax liability	128,827	198,300

21. PAID-IN CAPITAL AND CAPITAL RESERVES

The nominal capital of the Company as of 31 December 2024 is TRY 150,000 and consists of 15,000,000,000 shares of 1 fully paid in kurus.

In the General Assembly decision made on March 28, 2024, it was resolved that the total amount of 1,159,924 TL, which consists of the net profit for the year 2023 and the accumulated losses from previous years, will be allocated as extraordinary reserves.

As of 31 December 2024, and 31 December 2023, shareholders and their ownership percentages are as follows:

Shareholders	(%)	31 December 2024	(%)	31 December 2023
İş Finansal Kiralama A.Ş.	78,2320	117,348	78,2320	117,348
Türkiye Sınai Kalkınma Bankası A.Ş.	21,7500	32,625	21,7500	32,625
Trakya Yatırım Holding A.Ş.	0,0060	9	0,0060	9
TSKB Gayrimenkul Değerleme A.Ş.	0,0060	9	0,0060	9
İş Merkezleri Yönetim ve İşletim A.Ş.	0,0060	9	0,0060	9
Total	100,0000	150,000	100,0000	150,000

The company does not have privileged shares representing the capital.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

21. PAID-IN CAPITAL AND CAPITAL RESERVES (Continued)

Capital Reserves

As of 31 December 2024, and 31 December 2023, details of capital reserves are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Share capital inflation restatement differences	4,064	4,064
Bonus shares obtained from associates, subsidiaries and Jointly controlled entities	989	989
Total	5,053	5,053

Gain/(Loss) on Remeasurement of Defined Benefit Plans

After the accumulated actuarial loss calculated as of December 31, 2024, regarding the severance pay obligation was netted with the relevant deferred tax, the defined benefit plans were reported as TRY (5,065) under the remeasurement loss (December 31, 2023: (1,738) TRY).

As of December 31, 2024, the difference between the fair value difference of financial assets reflected in other comprehensive income and the cost of acquisition for capital instruments is netted with the deferred tax effect of TRY 1,504,782, and the difference is shown as a separate item in the equity (December 31, 2023: TRY 1,036,864).

Profit Reserves

	<u>31 December 2024</u>	<u>31 December 2023</u>
Legal reserves	30,183	30,183
Extraordinary reserves	1,863,565	703,641
Total	1,893,748	733,824

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 20% per annum, until the total reserve reaches 5% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. Legal reserves, if less than 50% of the paid-in capital, can only be used to net-off the losses.

22. COMMITMENTS AND CONTINGENCIES

As of 31 December 2024, and 31 December 2023, the details of guarantees taken by the Company are as follows:

	<u>31 December 2024</u>		<u>31 December 2023</u>	
	<u>TRY</u>	<u>FC</u>	<u>TRY</u>	<u>FC</u>
Guarantee and Sureties	89,940,678	112,559,348	52,636,944	85,431,853
Finance Note	34,267,226	23,338,324	25,906,912	19,441,092
Guarantees Given by Reporters	-	14,649,417	-	11,790,263
Real estate pledge	60,180	19,328	62,310	-
Real estate pledge	2,571	63,168	43,862	2,268
Letters of Guarantee	490	-	-	-
	124,271,145	150,629,585	78,650,028	116,665,476

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

22. COMMITMENTS AND CONTINGENCIES (Continued)

As of December 31, 2024, there is a letter of guarantee of 2,972 TRY given to the courts by the Company and a letter of guarantee of TRY 12,020,000 for loans received (As of December 31, 2023, the Company has legal claims amounting to 2,747 TL filed with the courts, and guarantee letters totaling 6,036,765 TL issued for the loans received.)

As of the end of the reporting period, there is no guarantee given by the Company to secure the debts of third parties (31 December 2023: None).

As of December 31, 2024, the Company has no derivative transactions.

As of December 31, 2024, there are no transactions consisting of changes in the fair value of existing derivative contracts and associated with profit or loss (December 31, 2023:None).

31 December 2024 and 31 December 2023, the details of the Company’s items held in custody are as follows:

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Cheques	6,696,420	98,641	3,540,333	52,604
Notes	313,486	454,490	119,177	382,278
	7,009,906	553,131	3,659,510	434,882

23. SEGMENT REPORTING

The Company provides factoring services only in Turkey. Furthermore, there are no business segments whose financial performance are reviewed by the Company’s management separately. Hence, the Company has not disclosed segment reporting.

24. OPERATING INCOME

For the years ended 31 December 2024 and 31 December 2023, details of operating income are as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Interest income from factoring receivables	7,026,458	4,277,748
Fee and commission from factoring receivables	294,785	902,847
	7,321,243	5,180,595

25. FINANCIAL EXPENSE

For the years ended 31 December 2024 and 31 December 2023, details of finance expenses are as follows:

	31 December 2024	31 December 2023
Interest Expense	(5,315,848)	(2,783,567)
Interest Expense on Debt Securities Issued	(383,509)	(293,304)
Fees and Commission Expenses	(178,501)	(487,776)
Interest Expenses Related to Leasing Transactions	(4,717)	(1,237)
	(5,882,575)	(3,565,884)

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

26. OPERATING EXPENSES

For the years ended 31 December 2024 and 31 December 2023, details of operating expenses are as follows:

	31 December 2024	31 December 2023
Personal Expenses	(268,296)	(130,255)
Depreciation and Amortization Expenses	(17,580)	(11,056)
Information Processing Expenses	(14,515)	(8,153)
Tax Duties Expenses	(8,062)	(5,374)
Office Expenses	(7,775)	(4,127)
Vacation Provision Expense	(4,861)	(2,529)
Outsourced Services	(4,237)	(2,092)
Severance Pay Expense	(3,286)	(1,953)
Consulting Expenses	(2,945)	(1,297)
Vehicle Expenses	(2,856)	(1,523)
Advertising Expenses	(1,182)	(1,473)
Other General Administrative Expenses	(3,998)	(7,177)
	(339,593)	(177,009)

27. OTHER OPERATING INCOME

For the years ended 31 December 2024 and 31 December 2023, details of other operating income are as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Exchange Difference Income	1,057,150	2,097,770
Interest Income Received from Banks	239,237	9,506
Cancellation of Expected Loss Provision	231,070	182,747
Dividend Income	38,930	18,365
Other	35,817	64,045
Profit from Derivative Financial Transactions	12,692	7,261
Capital Market Transactions Profit	3,404	844
Income from the Sale of Our Assets	-	145
	1,618,300	2,380,683

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

28. EXPECTED CREDIT LOSS

For the years ended 31 December 2024 and 31 December 2023, details of specific provision for non-performing receivables are as follows:

Expected Credit Loss Expenses:	1 January – 31 December 2024	1 January – 31 December 2023
Stage 1	(123,541)	(86,497)
Stage 2	(79,339)	(52,425)
Stage 3	(90,348)	(40,894)
	(293,228)	(179,816)

29. OTHER OPERATING EXPENSES

For the years ended 31 December 2024 and 31 December 2023, details of other operating expenses are as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Foreign exchange losses	(1,003,577)	(2,006,082)
Other ^(*)	(129)	(18,442)
	(1,003,706)	(2,024,524)

(*) This includes the receivable amount of 18,434 TL sold to the Asset Management Company on March 31, 2023, and December 28, 2023.

30. TAXATION

For the years ended 31 December 2024 and 31 December 2023, details of income tax expense are as follows:

	%	31 December 2024	%	31 December 2023
Reported Pre-Tax Profit/Loss		1,420,441		1,614,045
Tax Calculated on Reported Profit	30.00	(426,132)	30.00	(484,214)
Permanent Differences:				
- Expenses Not Accepted by Law		(1,190)		(218)
- Tax-Exempt Income		11,679		5,556
- Tax Rate Change Effect		2,652		24,726
- Corporate Tax Previous Year Provision				
Cancellation		-		29
Total Tax Income/Expense	29.07	(412,991)	28.14	(454,121)

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

30. TAXATION(Continued)

Corporate Income Tax

While corporate earnings in Turkey are subject to corporate tax at a rate of 20%; No. 7456 "6/2/2023 Additional Motor for Compensation for Economic Losses Caused by Earthquakes That Occurred in History Pursuant to the regulation introduced by the Law on the Introduction of Vehicle Tax and the Amendment of Certain Laws and the Decree Law No. 375", this rate is 25%, and 30% to be applied to the corporate earnings of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies for the taxation period of 2023 and later has been determined.

This rate is applied to the tax base to be found as a result of adding expenses that are not accepted as deductible in accordance with tax laws to the commercial income of corporations, deducting exemptions (such as the exemption of participation earnings) and other deductions in the tax laws. If the profit is not distributed, no other tax is paid.

No withholding tax is made on dividends paid to institutions that generate income through a workplace or permanent representative in Turkey and to institutions residing in Turkey. With the decision of the Council of Ministers numbered 2009/14593 published in the Official Gazette dated February 3, 2009, and numbered 27130 and the decision of the Council of Ministers numbered 2009/14594 published in the Official Gazette dated February 3, 2009, and numbered 27130, some withholding rates in Articles 15 and 30 of the Corporate Tax Law No. 5520 have been redetermined. In this context, while the withholding tax rate applied to dividend payments other than those made to taxpayer institutions that earn income through a workplace or permanent representative in Turkey and institutions residing in Turkey was 15%, this rate was changed to 10% with the Presidential Decree published in the Official Gazette dated 22 December 2021 and numbered 31697. In the application of withholding tax rates for profit distributions made to individuals and narrow taxpayer institutions, the relevant Double Taxation practices contained in the Prevention Agreements are also taken into account. The addition of profit to the capital is not considered a distribution of profits, and no withholding tax is applied.

Provisional taxes are calculated and paid at the corporate tax rate to which their earnings are subject in that year. Provisional taxes paid during the year can be deducted from the corporate tax calculated on the annual corporate tax return of that year. According to the Turkish tax legislation, the financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However, in case of financial losses, there is no practice of refunding the taxes paid from profits up to the amount of these losses in previous years. Within the scope of the repetitive Article 298 of the Tax Procedure Law, it is stipulated that if the increase in the producer price index is more than 100% in the last 3 accounting periods, including the current period, and more than 10% in the current accounting period, the financial statements will be subject to inflation adjustment, and these conditions have been fulfilled as of December 31, 2021. However, with the "Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law" published in the Official Gazette dated January 29, 2022 and numbered 31734, a temporary article 33 was added to the Tax Procedure Law No. 213, and in the 2021 and 2022 accounting periods, including the temporary tax periods (as of the accounting periods ending in 2022 and 2023 for those assigned a special accounting period) and the 2023 accounting period, within the scope of the duplicate article 298 in the provisional tax periods of the 2023 accounting period. It has been enacted that the financial statements will not be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met, and the financial statements dated December 31, 2023, will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the profit/loss account of previous years.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

30. TAXATION(Continued)

Corporate Income Tax (Continued)

In addition, the Law No. 7491 titled “Law on Amendments to Certain Laws and Decrees” was published in the Official Gazette on December 28, 2023. Article 17 of this law stipulates that banks, companies within the scope of Law No. 6361, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies shall not include profits and losses arising from inflation adjustments in their corporate tax base for the 2024 and 2025 fiscal periods (including provisional tax periods). Matters related to inflation adjustment are explained in the 555th Series of the Tax Procedure Law (VUK) Communiqué and the 165th Series of the VUK Circular.

Under Article 298 of the Tax Procedure Law, inflation adjustments are mandatory for financial statements if the Producer Price Index increase exceeds 100% in the last three fiscal periods (including the current period) and exceeds 10% in the current period. This provision came into effect as of December 31, 2021. However, with the publication of Law No. 7352 on January 29, 2022, in the Official Gazette (No. 31734), an additional temporary article 33 was added to the Tax Procedure Law, stating that for the fiscal periods of 2021 and 2022 (for those with a special accounting period, for fiscal periods ending in 2022 and 2023) and the provisional tax periods of 2023, financial statements would not be subject to inflation adjustment, regardless of whether the conditions outlined in Article 298 were met. It was further established that the financial statements as of December 31, 2023, would be subject to inflation adjustment, regardless of whether the conditions were met, and the profit/loss differences resulting from the inflation adjustment would be recorded in the prior years’ profit/loss accounts.

According to Article 17 of the Law No. 7491 on the Amendment of Certain Laws and Decree-Laws published in the Official Gazette dated 28 December 2023 and numbered 32413, Banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Finance Companies Law dated 21/11/2012 and numbered 6361, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions and insurance and reinsurance companies and It has been enacted that the profit/loss differences arising from the inflation adjustment to be made by pension companies in the 2024 and 2025 accounting periods, including the temporary tax periods, will not be taken into account in the determination of earnings. The President of the Republic is authorized to extend the periods determined under this paragraph for one accounting period, including temporary tax periods.

With the Law No. 7440 on the Restructuring of Certain Receivables and Amendments to Certain Laws published in the Official Gazette dated March 12, 2023, and numbered 32130, the exemptions and deductions made by corporate taxpayers from corporate income in accordance with the Law No. 5520 and the regulations in other laws, by showing them in the corporate tax return for 2022, and the reduced corporate tax within the scope of Article 32/A of the same Law. An additional tax of 10% is calculated on the subject bases, without being associated with the income of the period, and at the rate of 5% on the exempt earnings obtained from abroad with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520 and proven to carry a tax burden of at least 15%, and the first installment of this tax is paid within the payment period of the corporate tax, and the second installment is paid in the fourth month following this period.

As of December 31, 2024, the Company has a corporate tax expenditure of TRY 364,107 (December 31, 2023: TRY 632,659).

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

30. TAXATION(Continued)

Income Tax Withholding

There is a withholding tax obligation on dividend distributions, and this withholding tax obligation is accrued in the period in which the dividend payment is made. Pursuant to the Presidential Decree No. 4936, which was published in the Official Gazette dated February 14, 2023, and numbered 6791 and entered into force, within the scope of the fourth paragraph of Article 94 of Law No. 193, 0% withholding is made on the amounts considered as distributed dividends in relation to their own shares or partnership shares acquired by fully taxed capital companies. In the application of withholding tax rates for profit distributions made to taxpayer institutions and real persons, the withholding tax rates included in the relevant Double Taxation Avoidance Agreements are also taken into consideration. The addition of previous years' profits to the capital is not considered a profit distribution, so it is not subject to withholding tax.

Transfer Pricing

In Turkey, transfer pricing regulations are set out in Article 13 of the Corporate Tax Law titled "Implicit profit distribution through transfer pricing". The communiqué of 18 November 2007 on the distribution of disguised earnings through transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related persons at the price or price they have determined in violation of the arm's length principle, the gain is deemed to be distributed implicitly in whole or in part through transfer pricing. Implicit profit distribution through such transfer pricing is considered as an expense that is not legally recognized for corporate tax purposes. Companies are obliged to fill out the transfer pricing form to be attached to the annual corporate tax return. In this form, the amounts of all transactions made with related companies during the relevant accounting period and the transfer pricing methods related to these transactions are specified.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

31. EARNINGS PER SHARE

Earnings per share are calculated by dividing profit or loss by the weighted average number of ordinary shares outstanding during the period. In Turkey, companies can raise their share capital by distributing “bonus shares” to shareholders from retained earnings and revaluation funds. In computing earnings per share, such “bonus share” distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Earnings per share calculations were made according to distributable net profit of issued shares dividend by the weighted average number.

The weighted average number of shares of the Company and earnings per share for the periods ended 31 December 2024 and 31 December 2023 are as follows:

	<u>31 December 2024</u>	<u>31 December 2023</u>
Weighted average number of outstanding shares (*)	15,000,000,000	15,000,000,000
Net profit for the period (TL)	1,007,450	1,159,924
Earnings per share (full TL)**)	6,7163	7,7328

(*) As of 31 December 2024, the share capital of the Company consists of 15,000,000,000 shares having Kurus 1 nominal price.

(**) Earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares of the Company during the period. In Turkey, companies can increase their capital through “bonus shares” they distribute to their existing shareholders from previous year earnings and revaluation funds. Such “bonus share” distributions are treated as shares issued in all periods presented in the financial statements for earnings per share calculations.

	<u>31 December 2024</u>	<u>31 December 2023</u>
Number of shares at beginning of the period	15,000,000,000	15,000,000,000
Capital increase	-	-
Number of shares at end of the period	<u>15,000,000,000</u>	<u>15,000,000,000</u>

32. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED TO BE EXPLAINED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

33. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR'S

	<u>1 January – 31 December 2024</u>	<u>1 January – 31 December 2023</u>
Independent Audit Fee for the Reporting Period	935	347
Tax Consulting Fees	200	125
Other Assurance Services Fees	204	96
Fees for Other Services Outside of Independent Audit	-	-
	<u>1,339</u>	<u>568</u>

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

34. EXPLANATIONS ON THE MATTERS AFTER THE BALANCE SHEET PERIOD

None.

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital by sustaining its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

	31 December 2024	31 December 2023
Funds borrowed	30,882,678	18,362,417
Payables from leasing	2,091,713	2,230,115
Debt securities issued (Net)	10,694	12,761
Factoring payables	8,669	3,775
Other liabilities	73,714	79,966
Total debt	33,067,468	20,689,034
Banks (-)	(872,868)	(438,489)
Net debt	32,194,600	20,250,545
Total equity	4,555,968	3,083,927
Equity / Debt Ratio	14%	15%

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

Although there is no change in the capital risk management strategy in 2024, the debt/equity ratio is 14% as of 31 December 2024 (31 December 2023: 15%). As of 31 December 2024, and 31 December 2023, the leverage ratios are as follows:

(b) Categories of financial instruments

	<u>31 December 2024</u>	<u>31 December 2023</u>
<u>Financial assets:</u>		
Factoring receivables and non-performing factoring receivables	35,032,366	22,090,167
Financial assets at fair value through other comprehensive income	1,734,303	1,114,206
Banks	872,868	438,489
Fair value through profit or loss:	-	24,328
- <i>Financial assets held for trading</i>	-	24,328
- <i>Derivative financial assets</i>	-	-
<u>Financial Liabilities:</u>		
Funds borrowed	(30,882,678)	(18,362,417)
Debt securities issued (Net)	(2,091,713)	(2,230,115)
Factoring payables	(10,694)	(12,761)
Payables from leasing	(8,669)	(3,775)
Other liabilities	(73,714)	(79,966)

(c) Financial risk management objectives

The Company management is responsible for coordinating access to domestic and international markets, monitoring and managing the financial risks relating to the operations of the Company. Such risks include market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates (refer to section e), interest rates (refer to section f) and equity prices will affect the Company’s income or the value of its holdings of financial instruments. At the Company level, market risk exposures are measured by sensitivity analysis.

The Company uses derivative instruments to minimize the effects of such risks, and it also uses such instruments for hedging. The Company does not enter into or trade any financial instruments (including derivative financial instruments) for speculative purposes.

There has been no change in the current year in the Company’s exposure to market risks or the method it uses to manage and measure such risks compared to prior year.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)**(e) Currency risk management**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Company manages its foreign currency risk arising from its operations and cash flows of financial contracts by monitoring in a timely manner.

As of 31 December 2024, and 31 December 2023, details of foreign currency denominated assets and liabilities are as follows:

31 December 2024	USD	EUR	GBP	CNY	AUD	TRY Equivalent
Banks	105	378	675	5	2	47,485
Factoring receivables (*)	130,067	118,059	5,289	-	-	9,159,659
Other	3	29	-	-	-	1,196
Total Assets	130,175	118,466	5,964	5	2	9,208,340
Factoring payables (**)	43	189	26	-	-	9,612
Funds borrowed	122,610	112,210	5,620	-	-	8,696,320
Other payables	135	216	7	-	-	12,968
Total liabilities	122,788	112,615	5,653	-	-	8,718,900
Balance sheet position	7,387	5,851	311	5	2	489,440
Derivative Transactions, Off balance sheet position	-	-	-	-	-	-
Net foreign currency position	7,387	5,851	311	5	2	489,440

(*) As of December 31, 2024, other foreign currency-indexed assets amounting to TRY 26 were classified as TP in the accompanying financial statements.

(**) As of December 31, 2024, FX-indexed factoring debts totaling TRY 81 are classified in the TP column in the attached financial statements.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(e) Currency risk management (Continued)

<u>31 December 2023</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>CNY</u>	<u>AUD</u>	<u>TRY Equivalent</u>
Banks	186	59	875	5	2	40,218
Factoring receivables (*)	62,009	40,619	2,928	-	-	3,259,874
Other	26	18	-	-	-	1,373
Total Assets	62,221	40,696	3,803	5	2	3,301,465
Factoring payables (**)	27	70	218	-	-	11,196
Funds borrowed	56,236	36,594	3,427	-	-	2,975,817
Other payables	166	96	8	-	-	8,331
Total liabilities	56,429	36,760	3,653	-	-	2,995,344
Balance sheet position	5,792	3,936	150	5	2	306,121
Derivative Transactions, Off balance sheet position	-	-	-	-	-	-
Net foreign currency position	5,792	3,936	150	5	2	306,121

(*) As of December 31, 2023, other foreign currency-indexed assets amounting to TRY 23 were classified as TP in the accompanying financial statements.

(**) As of December 31, 2023, FX-indexed factoring debts totaling TRY 71 are classified in the TP column in the attached financial statements.

(f) Interest risk management

The Company is exposed to interest rate risk as the Company borrows funds at both fixed and variable rates. Such risk is managed by making a proper classification between fixed and variable rate liabilities.

Interest rate sensitivity

The interest rate sensitivity analysis below is based on the Company’s exposure to interest rate risk at the reporting date and estimated interest rate fluctuations at the beginning of the fiscal year, and is fixed during the reporting period. The Company management makes its sensitivity analysis based on a 100 base point interest rate fluctuation scenario. This rate is also used in reporting to the top management of the Company.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Interest risk management

Interest rate sensitivity (Continued)

As of 31 December 2024, and 31 December 2023, the interest rate profile of the Company’s interest-bearing financial instruments is as follows:

Interest Position Table		
	31 December 2024	31 December 2023
<i>Fixed rate instruments</i>		
Financial assets:		
Banks	872,868	438,489
Factoring receivables	26,328,589	20,302,656
Financial liabilities:		
Funds borrowed	24,897,257	15,124,452
Debt securities issued	2,091,713	2,230,115
Payables from leasing	8,669	3,775
<i>Variable rate instruments</i>		
Financial assets:		
Factoring receivables	8,703,777	1,787,511
Financial liabilities:		
Funds borrowed	5,985,421	3,237,965

If interest rates were 100 base points higher at the reporting date and all other variables were fixed:

- Interest income from variable rate factoring contracts would increase by TRY 87,038 TRY (31 December 2023: TRY 17,875).
- Interest expense from variable rate loans will increase by TRY 59.854 (31 December 2023: TRY 32.380).

(g) Other price risks

The Company is exposed to equity share price risks because of equity investments. Equity securities are held especially for strategic purposes rather than trading purposes. These investments are not traded by the Company.

Equity price sensitivity

Sensitivity analysis below is determined based on the equity share price risks exposed as at the reporting date.

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

During the reporting period, all other variables are held constant and the data in the valuation method are 15% higher/ (lower):

The difference in fair value of the stocks traded in Borsa İstanbul, which are shown among other comprehensive income in the related financial statements and measured by market values, consists of an increase / decrease of TRY 259,155 in the Company's equity (excluding tax effect) due to possible fluctuations in the index (31 December 2023: TRY 166,569).

(h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company’s exposure to credit risks and credit ratings of its counterparties are monitored periodically. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board of Directors.

Factoring receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

As of December 31, 2024, factoring receivables amounting to TRY 13,570,825, which is approximately 39% of total factoring receivables, is granted to a single risk group (2023 factoring receivables amounting to TRY 8,904,585, which is approximately 18% of total factoring receivables, is granted to a single risk group). Due to the reduction in the share of this risk group in the Company’s factoring receivables, the concentration risk has decreased.

	31 December 2024 (%)	31 December 2023 (%)
Motor vehicles	23.76	43.64
Glass, Tile, Cement	19.55	1.31
Wholesale and Retail	8.53	15.29
Textile	7.81	6.34
Energy, gas, water, and petroleum resources	6.39	2.77
Chemical, Plastic and Pharmaceutical Industry	6.39	5.68
Machinery equipment	5.30	5.29
Food, Soft Drink, Drink	3.99	1.95
Financial Institutions	3.95	4.75
Computer and Related Activities	3.58	5.44
Build	2.86	0.98
Metal industry	1.97	2.64
Transportation	1.96	1.01
Forest Products, Paper, Wood	0.74	1.13
Other	3.22	1.78
	100.00	100,00

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(h) Credit risk management (Continued)

As of 31 December 2024, details of exposure to credit risk based on categories of financial instruments are as follows:

31 December 2024	<u>Factoring Receivables</u>		<u>Deposits at banks</u>	<u>Other Assets</u>	
	<u>Related party</u>	<u>Other party</u>		<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through OCI</u>
Exposure to maximum credit risk as at reporting date (*)	6,152,567	28,879,799	872,868	-	1,734,303
- The portion of maximum risk covered by guarantee	7,208	14,470,312	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	6,152,567	28,786,227	872,868	-	1,734,303
- The portion covered by guarantee	7,208	14,230,866	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	1,209	-	-	-
- The portion covered by guarantee	-	1,209	-	-	-
D. Net carrying value of impaired assets	-	92,363	-	-	-
- Overdue (gross carrying value)	-	386,217	-	-	-
- Impairment (-)	-	(293,854)	-	-	-
- Covered portion of net carrying value (with letter of guarantee etc.)	-	238,237	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Covered portion of net carrying value (with letter of guarantee etc.)	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-

(*) Credit enhancing items such as; guarantees received, are not taken into account in the calculation.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(h) Credit risk management (Continued)

As of 31 December 2023, details of exposure to credit risk based on categories of financial instruments are as follows:

31 December 2023	<u>Factoring Receivables</u>		Deposits at banks	<u>Other Assets</u>	
	Related party	Other party		Financial assets at fair value through profit or loss	Financial assets at fair value through OCI
Exposure to maximum credit risk as at reporting date (*)	209,536	21,880,631	438,489	24,328	1,114,206
- The portion of maximum risk covered by guarantee	20,805	6,887,469	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	209,536	21,772,135	438,489	24,328	1,114,206
- The portion covered by guarantee	20,805	6,873,467	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	2,301	-	-	-
- The portion covered by guarantee	-	2,255	-	-	-
D. Net carrying value of impaired assets	-	103,940	-	-	-
- Overdue (gross carrying value)	-	336,848	-	-	-
- Impairment (-)	-	(232,908)	-	-	-
- Covered portion of net carrying value (with letter of guarantee etc.)	-	11,747	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Covered portion of net carrying value (with letter of guarantee etc.)	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-

(*) Credit enhancing items such as; guarantees received, are not taken into account in the calculation.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Liquidity risk management

The Company management has built an appropriate liquidity risk management framework for the management of the Company’s short, medium and long term funding and liquidity management requirements. The Company manages its liquidity risk by maintaining adequate reserves and reserve borrowing facilities by constantly monitoring forecasts and actual cash flows and matching the maturity profile of financial assets and liabilities.

Liquidity risk table

The following table details the Company’s expected maturity for its non-derivative financial assets and liabilities. The tables below have been prepared based on the earliest dates for collections and disbursements of the Company’s assets and liabilities. Interest amounts to be collected and disbursed on the Company’s assets and liabilities have also been included in the table below:

31 December 2024	Contractual					
Contractual Maturities	Carrying	Cash Inflows/ (Outflows)	Less than 3	3-12	1-5	More
	Amount	(I+II+III+IV)	Months (I)	Months	Years	than 5
				(II)	(III)	Years
						(IV)
Banks	872,868	872,868	872,868	-	-	-
Factoring receivables	35,032,366	36,664,603	30,778,165	5,737,335	149,103	-
	35,905,234	37,537,471	31,651,033	5,737,335	149,103	-
Factoring payables	10,694	10,694	10,694	-	-	-
Funds borrowed	30,882,678	31,170,091	30,582,706	587,385	-	-
Debt securities issued	2,091,713	2,065,000	215,000	1,850,000	-	-
Payables from leasing	8,669	13,424	2,099	5,073	6,252	-
	32,993,754	33,259,209	30,810,499	2,442,458	6,252	-

The Company makes payments based on contractual maturities.

31 December 2023	Contractual					
Contractual Maturities	Carrying	Cash Inflows/ (Outflows)	Less than 3	3-12	1-5	More
	Amount	(I+II+III+IV)	Months (I)	Months	Years	than 5
				(II)	(III)	Years
						(IV)
Non derivative financial assets	24,328	24,328	24,328	-	-	-
Banks	438,489	438,489	438,489	-	-	-
Factoring receivables	22,090,167	23,605,998	18,623,880	4,981,112	1,006	-
	22,552,984	24,068,815	19,086,697	4,981,112	1,006	-
Factoring payables	12,761	12,761	12,761	-	-	-
Funds borrowed	18,362,417	18,955,661	15,904,342	3,051,319	-	-
Debt securities issued	2,230,115	2,306,000	2,306,000	-	-	-
Payables from leasing	3,775	4,548	543	2,031	1,974	-
	20,609,068	21,278,970	18,223,646	3,053,350	1,974	-

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

As of December 31, 2024, and December 31, 2023, the Company does not have any derivative financial assets or liabilities.

(j) Fair value of financial instruments

The Company management estimates that the carrying amount of the financial assets and liabilities approximate to their fair value.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange. The financial assets and liabilities, such as factoring receivables, cash at banks and short-term bank borrowings in TRY which are recognized by discounted amount of estimated future cash flows, are considered to approximate their respective carrying values due to their short-term nature. The fair value prices of debt securities issued are determined on the basis of their prices in the market they are traded. The fair value level of debt securities issued is level 1, whereas level of fair value of other financial instruments is Level 2.

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(j) Fair value of financial instruments (Continued)

The table below refers to the comparison of carrying amounts and fair values of financial instruments which are carried at other than their fair value in the financial statements.

	Financial assets and liabilities held for trading	Financial assets Measured at amortized cost	Loans and receivables	Financial liabilities Measured at amortized cost	Carrying amount	Fair Value	Notes
31 December 2024							
Cash and Cash Equivalents	-	872,868	-	-	872,868	872,868	4
Banks	-	-	-	-	-	-	4
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	5-6
- Financial Assets	-	-	-	-	-	-	5
- Derivative financial assets	-	-	-	-	-	-	6
Factoring receivables and non-performing factoring receivables	-	-	35,032,366	-	35,032,366	35,032,366	8
Financial liabilities	-	-	-	-	-	-	-
Derivative financial Liabilities	-	-	-	-	-	-	-
Factoring Payables	-	-	-	10,694	10,694	10,694	8
Other liabilities	-	-	-	73,714	73,714	73,714	17
Funds borrowed	-	-	-	30,882,678	30,882,678	30,882,678	14
Debt securities issued	-	-	-	2,091,713	2,091,713	2,091,713	16
	Financial assets and liabilities held for trading	Financial assets Measured at amortized cost	Loans and receivables	Financial liabilities Measured at amortized cost	Carrying amount	Fair Value	Notes
31 December 2023							
Cash and Cash Equivalents	-	438,489	-	-	438,489	438,489	4
Banks	-	-	-	-	-	-	4
Financial Assets at Fair Value Through Profit or Loss	24,328	-	-	-	24,328	24,328	5-6
- Financial Assets	24,328	-	-	-	24,328	24,328	5
- Derivative financial assets	-	-	-	-	-	-	6
Factoring receivables and non-performing factoring receivables	-	-	22,090,167	-	22,090,167	22,090,167	8
Financial liabilities	-	-	-	-	-	-	-
Derivative financial Liabilities	-	-	-	-	-	-	-
Factoring Payables	-	-	-	12,761	12,761	12,761	8
Other liabilities	-	-	-	79,966	79,966	79,966	17
Funds borrowed	-	-	-	18,362,417	18,362,417	18,362,417	14
Debt securities issued	-	-	-	2,230,115	2,230,115	2,230,115	16

İŞ FAKTORİNG ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS AS AT AND
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

35. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value hierarchy of Financial Instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2024	Level 1	Level 2	Level 3^(*)	Total
Financial Assets at Fair Value Through Profit / Loss	-	-	-	-
Derivative financial assets	-	-	-	-
Financial assets at fair value through other comprehensive income	1,727,703	-	6,600	1,734,303
Total financial assets carried at fair value	1,727,703	-	6,600	1,734,303
Derivative financial liabilities	-	-	-	-
Total financial liabilities carried at fair value	-	-	-	-

(*) As of December 31, 2024, shares amounting to TRY 6,600 are reflected in the financial statements with their cost values since there are no public shares.

31 December 2023	Level 1	Level 2	Level 3^(*)	Total
Financial Assets at Fair Value Through Profit / Loss	24,328	-	-	24,328
Derivative financial assets	-	-	-	-
Financial assets at fair value through other comprehensive income	1,110,463	-	3,743	1,114,206
Total financial assets carried at fair value	1,134,791	-	3,743	1,138,534
Derivative financial liabilities	-	-	-	-
Total financial liabilities carried at fair value	-	-	-	-

(*) As of December 31, 2023, shares amounting to TRY 3,743 are reflected in the financial statements with their cost values since there are no public shares.