

MERCAN EĞİTİM KURUMLARI - DANIŞMANLIK
VE YEMİNLİ TERCÜMANLIK SAN. TİC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 K. Kapı No: 17 K. Çekmece / İSTANBUL
Halkalı v.D. 6160327624 Sicil No: 536107-0

HALK FAKTORİNG A.Ş.
**(HALK FAKTORİNG Anonymous Company/
HALK FAKTORİNG Joint Stock Company)**

**December 31, 2025 Financial Statements for the Period
Ended December 31, 2025
and Independent Audit Report**

NOTER YEMİNLİ - ADLİ TERCÜME
ÇİĞDEM MERCAN
Yeminli mütercim tercüman / Certified Translator
Tel: 0532 716 25 01



KPMG Bağımsız Denetim ve (KPMG Independent Audit and Independent Accountant Financial Consultancy Inc.)
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

INDEPENDENT AUDITOR'S REPORT

To General Assembly of Halk Faktoring Anonymous Company (Joint Stock Company)

A) Independent Audit of Financial Statements

Opinion /View

The statement of financial position of Halk Faktoring Anonymous Company ("the Company") as at 31 December 2025 and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies; gain/profit or loss statement, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity and cash flow statement, including a summary of significant accounting policies We have audited the financial statements, which include the notes to the financial statements.

In our opinion, the accompanying financial statements present the financial position of the Company as at 31 December 2025 and its financial performance and cash flows for the year then ended; published in the Official Gazette dated 24 December 2013 and numbered 28861 Financial Leasing, Factoring, Accounting Practices of Financing and Savings Finance Companies with Regulation on Financial Statements ("Regulation") with Regulation published by the Banking Regulation and Supervision Agency ("BDDK" (- BRSA)), notification, Circular and explanations made; and for matters not regulated by the standards, the provisions of Turkish Financial Reporting Standards ("TFRSs"); ("BDDK" (- BRSA)) Accounting and Financial Reporting Legislation', which includes the provisions of Turkish Financial Reporting Standards ("TFRSs") for the matters not regulated by these standards.

The Basis for View

The independent audit we carry out is Public Oversight, Accounting and Auditing Standards Authority (KGK -(POA)) We conducted our audit in accordance with Standards on Auditing issued by the Standards on Auditing issued by the Auditing Standards Board of Turkey (BDS - (TAS)).

Our responsibilities under InAS are explained in detail in the Independent Auditor's Responsibilities for the Independent Audit of the Financial Statements section of our report.

We declare that we are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Including Independence Standards) ("Code of Ethics") issued by POA and the ethical requirements in the regulations issued by POA that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and other applicable laws and regulations. We believe that the audit evidence we have obtained during our independent audit is sufficient and appropriate to provide a basis for our opinion.

B) Other Obligations Arising from Legislation

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code No. 6102 (TTK - (TCC)), nothing has come to our attention that may cause us to believe that the Company's set of accounts prepared for the period January 1 - December 31, 2025 does not comply with (TTK - (TCC)) and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to fourth subparagraph of Article 402 of the (TTK (TCC), the Board of Directors provided us with the required explanations and submitted the requested documents within the scope of the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Company
KPMG (Independent Audit and Independent Accountant Financial Consultancy Inc.)

>Signature<

>there is a a blue, round seal written T.R. Responsible Auditor<

Alper Güvenç, SMMM (CPA)

Responsible Auditor

20 February 2026 İstanbul, Türkiye (Turkey)

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Yeminli mütercim tercüman / Certified Translator

Tel: 0532 306 26 01

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ASSETS (Thousand TL)	Dipnot	PASSED INDEPENDENT AUDIT			PASSED INDEPENDENT AUDIT		
		Current term			Prior Term		
		31 DECEMBER 2025			31 DECEMBER 2024		
		TP	YP	SUM	TP	YP	SUM
ACTIVE ITEMS							
I. CASH, CASH EQUIVALENTS and CENTRE BANK	5	851.343	36.748	888.091	577.659	8.783	586.442
II. financial assets at fair value through profit or loss (Net)		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL ASSETS		-	-	-	-	-	-
IV. financial assets at fair value through other comprehensive income (Net)		-	-	-	-	-	-
V. FINANCIAL ASSETS MEASURED AT RETIRED COST (Net)		13.892.045	3.788.873	17.680.918	8.737.445	1.131.056	9.868.501
5.1 Factoring Receivables	6	13.835.040	3.788.873	17.623.913	8.710.709	1.131.056	9.841.765
5.1.1 Discounted Factoring Receivables (Net)		5.842.320	725.010	6.567.330	3.564.995	565.783	4.130.778
5.1.2 Other Factoring Receivables		7.992.720	3.063.863	11.056.583	5.145.714	565.273	5.710.987
5.2 Financing Loans		-	-	-	-	-	-
5.2.1 Consumer Loans		-	-	-	-	-	-
5.2.2 Credit Cards		-	-	-	-	-	-
5.2.3 Commercial loans in instalments		-	-	-	-	-	-
5.3 Leasing Transactions (Net)		-	-	-	-	-	-
5.3.1 Finance lease receivables		-	-	-	-	-	-
5.3.2 Operating Lease Receivables		-	-	-	-	-	-
5.3.3 Unearned Income (-)		-	-	-	-	-	-
5.4 Other financial assets measured at amortised cost		-	-	-	-	-	-
5.5 Non-performing Receivables	6	281.897	-	281.897	147.974	-	147.974
5.6 Provisions for Expected Losses/Special Provisions (-)		(224.892)	-	(224.892)	(121.238)	-	(121.238)
VI. PARTNERSHIP INVESTMENTS		-	-	-	-	-	-
6.1 Associates (Net)		-	-	-	-	-	-
6.2 Subsidiaries (Net)		-	-	-	-	-	-
6.3 Jointly Controlled Entities (Joint Ventures) (Net)		-	-	-	-	-	-
VII. Tangible Fixed Assets (Net)	7	10.401	-	10.401	10.485	-	10.485
VIII. intangible non-current assets (Net)	8	29.627	-	29.627	17.517	-	17.517
IX. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X. CURRENT PERIOD TAX ASSET		-	-	-	-	-	-
XI. DEFERRED TAX ASSETS	9	137.694	-	137.694	100.886	-	100.886
XII. OTHER ASSETS	10	107.800	5.005	112.805	68.637	5.978	74.615
INTERMEDIATE TOTAL		15.028.910	3.830.626	18.859.536	9.512.629	1.145.817	10.658.446
XIII. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	11	212	-	212	663	-	663
13.1 For Sale		212	-	212	663	-	663
13.2 Related to Discontinued Operations		-	-	-	-	-	-
TOTAL ASSETS		15.029.122	3.830.626	18.859.748	9.513.292	1.145.817	10.659.109

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LIABILITIES (Thousand TL)	NOTE	Passed independent Audited Current Term			Passed independent Audited Prior Term		
		31 December 2025			31 December 2024		
		TP	YP	SUM	TP	YP	SUM
PASSIVE ITEMS							
I. LOANS RECEIVED	12	11.716.024	3.474.645	15.190.669	7.653.307	1.032.798	8.686.105
II. FACTORING PAYABLES	13	21.683	21	21.704	33.256	-	33.256
III. PAYABLES FROM LEASING TRANSACTIONS		4.169	-	4.169	4.482	-	4.482
IV. securities issued (Net)	14	-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
VII. PROVISIONS	15	45.610	-	45.610	36.863	-	36.863
7.1 Provision for Restructuring		-	-	-	-	-	-
7.2 Provision for Employee Benefits Liability		44.110	-	44.110	22.901	-	22.901
7.3 General Provisions		-	-	-	12.474	-	12.474
7.4 Other Provisions		1.500	-	1.500	1.488	-	1.488
VIII. CURRENT TAX LIABILITY	16	171.229	-	171.229	93.249	-	93.249
IX. DEFERRED TAX LIABILITY		-	-	-	-	-	-
X. SUBORDINATED DEBT INSTRUMENTS		-	-	-	-	-	-
XI. OTHER LIABILITIES	17	74.220	19.294	93.514	65.048	5.937	70.985
INTERMEDIATE TOTAL		12.032.935	3.493.960	15.526.895	7.886.205	1.038.735	8.924.940
XII. Liabilities for Non-current Assets Held for Sale and Discontinued Operations (Net)		-	-	-	-	-	-
12.1 For Sale		-	-	-	-	-	-
12.2 Related to Discontinued Operations		-	-	-	-	-	-
XIII. SHAREHOLDERS' EQUITY	18	3.332.853	-	3.332.853	1.734.169	-	1.734.169
13.1 Paid-in Capital		1.246.000	-	1.246.000	246.000	-	246.000
13.2 Capital Reserves		-	-	-	-	-	-
13.2.1 Share premium		-	-	-	-	-	-
13.2.2 Gain on cancellation of share certificates		-	-	-	-	-	-
13.2.3 Other Capital Reserves		-	-	-	-	-	-
13.3 Other Accumulated Other Assets Not To Be Reclassified To Profit or Loss		-	-	-	10	-	10
Comprehensive Income or Expenses		(5.528)	-	(5.528)	-	-	-
13.4 Other comprehensive income or expenses to be reclassified to profit or loss		1.088.159	-	1.088.159	790.404	-	790.404
13.5 Profit Reserves		104.944	-	104.944	64.177	-	64.177
13.5.1 Legal Reserves		-	-	-	-	-	-
13.5.2 Status Reserves		983.215	-	983.215	726.227	-	726.227
13.5.3 Extraordinary Reserves		-	-	-	-	-	-
13.5.4 Other Profit Reserves		1.004.222	-	1.004.222	697.755	-	697.755
13.6 Profit or Loss		-	-	-	-	-	-
13.6.1 Retained Earnings		1.004.222	-	1.004.222	697.755	-	697.755
13.6.2 Net Profit or Loss for the Period		15.365.788	3.493.960	18.859.748	9.620.374	1.038.735	10.659.109

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

OFF-BALANCE SHEET ITEMS	Note	Passed independent Audited Current Term			Passed independent Audited Prior Term		
		31 December 2025			31 December 2024		
		TP	YP	SUM	TP	YP	SUM
I. RISK ASSUMED FACTORING TRANSACTIONS		1.267.548	15.215	1.282.763	611.552	58.094	669.646
II. FACTORING TRANSACTIONS WHERE THE RISK IS NOT ASSUMED		13.748.015	348.423	14.096.438	8.337.045	474.857	8.811.902
III. COLLATERALS RECEIVED		396.193.257	104.757.815	500.951.072	248.004.591	61.486.969	309.491.560
IV. GUARANTEES GIVEN	28	10.990.679	413.209	11.403.888	7.427.734	-	7.427.734
V. COMMITMENTS		-	-	-	-	-	-
5.1 Irrevocable Commitments		-	-	-	-	-	-
5.2 Revocable Commitments		-	-	-	-	-	-
5.2.1.1 Financial Leasing Commitments		-	-	-	-	-	-
5.2.1.2 Operating Lease Commitments		-	-	-	-	-	-
5.2.2 Other Revocable Commitments		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
6.1 Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
6.2.5 Other		-	-	-	-	-	-
VII. ENTRUSTED ASSETS	28	12.152.585	873.259	13.025.844	6.926.035	783.068	7.709.103
OFF-BALANCE SHEET ACCOUNTS		434.352.084	106.407.921	540.760.005	271.306.957	62.802.988	334.109.945

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

INCOME AND EXPENDITURE ITEMS	Note	Thousand Turkish Liras	
		Passed independent Audited Current Term	Passed independent Audited Prior Term
		JANUARY - 31 DECEMBER 2025	JANUARY - 31 DECEMBER 2024
I. OPERATING INCOME	19	5.589.694	4.046.871
FACTORING INCOME		5.589.694	4.046.871
1.1 Interest on factoring receivables		5.380.620	3.852.816
1.1.1 Discounted		2.467.881	1.385.090
1.1.2 Other		2.912.739	2.467.726
1.2 Fees and commissions received from factoring receivables		209.074	194.055
1.2.1 Discounted		62.741	42.322
1.2.2 Other		146.333	151.733
INCOME FROM FINANCING LOANS		-	-
1.3 Interest received from financing loans		-	-
1.4 Fees and Commissions Received from Financing Loans		-	-
LEASE INCOME		-	-
1.5 Financial Leasing Income		-	-
1.6 Operating Lease Income		-	-
1.7 Fees and commissions received from leasing transactions		-	-
II. FINANCING EXPENSES (-)	20	(4.042.195)	(2.958.497)
2.1 Interest on used loans		(3.949.295)	(2.898.666)
2.2 Interest on factoring borrowings		-	-
2.3 Interest Expenses on Lease Transactions		-	-
2.4 Interest on marketable securities issued		-	-
2.5 Other Interest Expenses		(2.541)	(1.233)
2.6 Fees and commissions paid		(90.359)	(58.598)
III. GROSS PROFIT/LOSS (I+II)		1.547.499	1.088.374
IV. OPERATING EXPENSES (-)	21	(339.502)	(201.697)
4.1 Personnel Expenses		(197.222)	(121.393)
4.2 Provision for Employment Termination Benefits		(2.333)	(1.711)
4.3 Research and Development Expenses		-	-
4.4 General Operating Expenses		(104.238)	(63.061)
4.5 Other		(35.709)	(15.532)
V. GROSS OPERATING PROFIT/LOSS (III+IV)		1.207.997	886.677
VI. OTHER OPERATING INCOME	22	606.924	581.566
6.1 Interest received from banks		259.260	186.318
6.2 Interest received from marketable securities		-	-
6.3 Dividend Income		-	-
6.4 Profit on Capital Market Transactions		-	-
6.5 Gain on derivative financial transactions		-	-
6.6 Gain on foreign exchange transactions		303.725	376.946
6.7 Other		43.939	18.302
VII. PROVISION EXPENSES	23	(110.235)	(98.593)
7.1 Special Provisions		(110.235)	(86.119)
7.2 Provisions for Expected Losses		-	-
7.3 General Provisions		-	(12.474)
7.4 Other		-	-
VIII. OTHER OPERATING EXPENSES (-)	24	(260.909)	(370.522)
8.1 Impairment loss on marketable securities		-	-
8.2 Impairment Expenses on Fixed Assets		-	-
8.3 Capital Market Transactions Loss		-	-
8.4 Loss from Derivative Financial Transactions		-	-
8.5 Loss on Foreign Exchange Transactions		(255.402)	(368.892)
8.6 Other		(5.507)	(1.630)
IX. NET OPERATING PROFIT/LOSS (V+...+VIII)		1.443.777	999.128
X. RECOGNISED AS INCOME AFTER THE MERGER		-	-
SURPLUS AMOUNT		-	-
XI. PROFIT/LOSS FROM ASSOCIATES APPLYING EQUITY METHOD		-	-
XII. NET MONETARY POSITION GAIN/LOSS		1.443.777	999.128
XIII. PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)	25	(439.555)	(301.373)
XIV. TAX PROVISION FROM CONTINUING OPERATIONS (±)		(476.364)	(356.969)
14.1 Current Tax Provision		(67.200)	(46.706)
14.2 Deferred Tax Expense Effect (+)		104.009	102.302
14.3 Deferred Tax Income Effect (-)		1.004.222	697.755
XV. NET PROFIT/LOSS FROM CONTINUING OPERATIONS FOR THE PERIOD (XIII±XIV)		-	-
XVI. INCOME FROM DISCONTINUED OPERATIONS		-	-
16.1 Income from Assets Held for Sale		-	-
16.2 Profit on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
16.3 Other Income from Discontinued Operations		-	-
XVII. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
17.1 Expense on Non-Current Assets Held for Sale		-	-
17.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-
17.3 Other Discontinued Operating Expenses		-	-
XVIII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVI-XVII)		-	-
XIX. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
19.1 Current Tax Provision		-	-
19.2 Deferred Tax Expense Effect (+)		-	-
19.3 Deferred Tax Income Effect (-)		-	-
XX. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)		1.004.222	697.755

The accompanying notes are an integral part of these financial statements

Halk Faktoring Anonymous Company
31 December 2025 Statement of Profit or Loss and Other Comprehensive Income
(Amounts expressed in thousands of Turkish Lira ('TL') unless

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Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 İç Kapı No: 17 K.Çekmece / İSTANBUL
Merkul V.D. 6160327624 Sicil No: 536107-0

	Audited Current Period 1 January - 31 December 2025	Audited Prior Period 1 January - 31 December 2024
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
I. PROFIT/LOSS FOR THE PERIOD	1.004.222	697.755
II. OTHER COMPREHENSIVE INCOME	(5.538)	
2.1 Items not to be reclassified to profit or loss	(5.538)	
2.1.1 Revaluation increase/decrease in property, plant and equipment	-	-
2.1.2 Increase/decrease in revaluation of intangible assets	-	-
2.1.3 Defined Benefit Plans Remeasurement Gain/Loss	(5.538)	-
2.1.4 Other items of other comprehensive income not to be reclassified to profit or loss	-	-
2.1.5 Taxes on other comprehensive income not to be reclassified to profit or loss	-	-
2.2 Items to be Reclassified to Profit or Loss	-	-
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of Financial Assets at Fair Value Through Other Comprehensive Income	-	-
2.2.3 Cash Flow Hedge Income/Expense	-	-
2.2.4 Hedge Income/Expense from Hedge of Investment in a Foreign Operation	-	-
2.2.5 Other Items of Other Comprehensive Income to be Reclassified to Profit or Loss	-	-
2.2.6 Taxes on Other Comprehensive Income to be Reclassified to Profit or Loss	-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)	998.684	697.755
XXIII. TOTAL PROFIT/(LOSS) RECOGNISED FOR THE PERIOD	998.684	697.755

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The accompanying footnotes are integral parts of these financial statements.

CHANGES IN EQUITY	NOTE	Reclassified to Profit or Loss Other comprehensive income and expenses not to be reclassified						Reclassified to Profit or Loss Other Comprehensive Income and Expenses to be Reclassified	Period Net Profit or Loss	Total Equity												
		Paid-in Capital	SHARE ISSUE PREMIUMS	Gain on cancellation of share certificates	Diger Sermaye Yedekleri	1	2				3	4	5	6	Profit Reserves	Prior Period / Profit / (Loss)						
Audited Prior Period																						
I. 1 January - 31 December 2024	18																					
II. Balance at the beginning of the period		246.000																				
2.1 Adjustments in accordance with TAS 8																						
2.2 Effect of Correction of Errors																						
III. Effect of Changes in Accounting Policies		246.000																				
IV. Total Comprehensive Income																						
V. Capital Increase Realised in Cash																						
VI. Capital Increase Realised from Internal Resources																						
VII. Inflation Adjustment to Paid-in Capital																						
VIII. Convertible Bonds																						
IX. Subordinated Debt Instruments																						
X. Increase / Decrease Due to Other Changes																						
XI. Profit Distribution																						
11.1 Dividends Distributed																						
11.2 Dividends Distributed																						
11.3 Amounts Transferred to Reserves																						
Other		246.000																				
Audited Current Period																						
I. 1 January - 31 December 2025	18																					
II. Balance at the end of the period		246.000																				
2.1 Adjustments in accordance with (TMS(TAS)) 8																						
2.2 Effect of Correction of Errors																						
III. Effect of Changes in Accounting Policies		246.000																				
IV. Total Comprehensive Income																						
V. Capital Increase Realised in Cash		1.000.000																				
VI. Capital Increase Realised from Internal Resources																						
VII. Inflation Adjustment to Paid-in Capital																						
VIII. Convertible Bonds																						
IX. Subordinated Debt Instruments																						
X. Increase / Decrease Due to Other Changes																						
XI. Profit Distribution																						
11.1 Dividends Distributed																						
11.2 Dividends Distributed																						
11.3 Amounts Transferred to Reserves																						
Other (III+IV+...+XI+XII)		1.246.000																				
1. Accumulated revaluation increases/decreases on fixed assets,																						
2. Accumulated remeasurement gains/losses of defined benefit plans,																						
3. Other (Shares of other comprehensive income of investments accounted for using the equity method that will not be reclassified to profit or loss and accumulated amounts of other comprehensive income of investments accounted for using the equity method that will not be reclassified to profit or loss)																						
4. Foreign currency translation differences,																						
5. Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income,																						
6. Other (Cash flow hedge gains/losses, share of other comprehensive income of investments accounted for using the equity method that will be reclassified to profit or loss and accumulated amounts of other comprehensive income of investments accounted for using the equity method that will be reclassified to profit or loss)																						

NOTER YEMİNLİ ADIL TERGÜMEN
ÇİĞDEM MERCAN

Yemini mükerretin için yapılmış ve reclassifed to profit or loss
Tarih: 03.12.2025
18.000 TL

1. Accumulated revaluation increases/decreases on fixed assets,
2. Accumulated remeasurement gains/losses of defined benefit plans,
3. Other (Shares of other comprehensive income of investments accounted for using the equity method that will not be reclassified to profit or loss and accumulated amounts of other comprehensive income of investments accounted for using the equity method that will not be reclassified to profit or loss)
4. Foreign currency translation differences, 5. Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income,
6. Other (Cash flow hedge gains/losses, share of other comprehensive income of investments accounted for using the equity method that will be reclassified to profit or loss and accumulated amounts of other comprehensive income of investments accounted for using the equity method that will be reclassified to profit or loss)

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

Halk Faktoring Anonymous Company

December 31, 2025 Statement of Cash Flows for the Period Ended December 31, 2025

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated)

MERCAN EĞİTİM KURUMLARI - DANIŞMANLIK
VE YEMİNLİ TERCÜMANLIK SAN. TIC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 5/1 K. Kapi No: 17 K. Çekmece / İSTANBUL
Tic. Sic. No: 6160327624 Sicil No: 536107-0

	Dipnot	ONE THOUSAND TURKISH LIRA	
		Audited Prior Period	Audited Prior Period
		1 January – 31 December 2025	1 January – 31 December 2024
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		1.055.280	1.000.623
1.1.1 Interest Received/Lease Income		4.861.379	3.821.060
1.1.2 Interest paid/Lease Expenses		(3.762.198)	(2.681.850)
1.1.3 Dividends Received		-	-
1.1.4 Fees and Commissions Received		118.715	135.457
1.1.5 Other Earnings		333.179	205.054
1.1.6 Collections from Non-Performing Receivables Recognized as Loss	6, 22	12.836	5.989
1.1.7 Cash Payments to Personnel and Service Providers		(293.893)	(195.051)
1.1.8 Taxes Paid		(305.135)	(300.292)
1.1.9 Other		90.397	10.256
1.2 Changes in Operating Assets and Liabilities		(7.858.441)	(3.900.350)
1.2.1 Net (Increase) Decrease in Factoring Receivables		(7.518.068)	(3.641.533)
1.2.2 Net (Increase) Decrease in Financing Loans		-	-
1.2.3 Net (Increase) Decrease in Lease Receivables		-	-
1.2.4 Net (Increase) Decrease in Other Assets		(74.546)	(312.152)
1.2.5 Net increase (decrease) in factoring payables		(11.552)	16.275
1.2.6 Net Increase (Decrease) in Lease Payables		(313)	1.882
1.2.7 Net Increase (Decrease) in Loans Received		-	-
1.2.8 Net Increase (Decrease) in Accounts Payable		-	-
1.2.9 Net increase (decrease) in other payables		(253.962)	35.178
I. Net Cash Flow from Operating Activities		(6.803.161)	(2.899.727)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1 Acquired Subsidiaries and Associates and Joint Ventures		-	-
2.2 Disposal of Subsidiaries and Associates and Joint Ventures		-	-
2.3 Purchased movable and immovable assets	7	(26.444)	(12.915)
2.4 Movable and immovable assets disposed of		490	2.176
2.5 Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.6 Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.7 Purchased Financial Assets Measured at Amortized Cost		-	-
2.8 Financial Assets Measured at Amortized Cost		-	(13.065)
2.9 Other		(9.922)	-
II. Net cash flow from investing activities		(35.876)	(23.804)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Cash provided from loans and securities issued	12	151.819.567	69.056.144
3.2 Cash outflow from loans and securities issued	12	(145.504.641)	(66.079.490)
3.3 Issued Capital Instruments	18	1.000.000	-
3.4 Dividend Payments		(400.000)	-
3.5 Lease Related Payments		-	-
3.6 Other		(5.538)	-
III. Net cash provided by financing activities		6.909.388	2.976.654
IV. Effect of foreign currency translation differences on cash and cash equivalents		-	-
V. Net increase in cash and cash equivalents		70.351	53.123
VI. Cash and Cash Equivalents at the Beginning of the Period	5	66.690	13.567
VII. Cash and Cash Equivalents at the End of the Period	5	137.041	66.690

NOTER YEMİNLİ - ADDİ TERCÜME
ÇİĞDEM MERCAN
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Tel: 0532 716 18 00

The accompanying footnotes are integral parts of these financial statements.

Halk Faktoring Anonim Şirketi
December 31, 2025 Dividend Distribution Statement for the Period Ended
December 31, 2025 (Currency: Thousands of Turkish Lira (TL))

MERCAN EĞİTİM KURUMLARI - DANIŞMANLIK
VE YEMİNLİ TERCÜMANLIK SAN. TIC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 İç Kapı No: 17 K.Çekmece / İSTANBUL
Halkalı V.D. 6160327624 Sicil No: 536107-0

	Independent Audit Passed	
	Current Term (*) 1 January-31 December 2025	Prior Term 1 January -31 December 2024
I. DISTRIBUTION OF PROFIT FOR THE PERIOD(*)		
1.1 PROFIT FOR THE PERIOD		
1.2 TAXES AND LEGAL LIABILITIES PAYABLE (-)	1.443.777	999.128
1.2.1 Corporate Tax (Income Tax)	(439.555)	(301.373)
1.2.2 Income Tax Deduction	(476.364)	(356.969)
1.2.3 Other Tax and Legal Liabilities	-	-
	36.809	55.596
A. NET PROFIT FOR THE PERIOD (1.1-1.2)	1.004.222	697.755
1.3 LOSS FOR PREVIOUS PERIODS (-)	-	-
1.4 FIRST LEGAL RESERVE (-)	48.731	32.108
1.5 LEGAL FUNDS REQUIRED TO BE KEPT AND SAVED IN THE ORGANIZATION (-)	-	-
B. DISTRIBUTABLE NET PROFIT FOR THE PERIOD [(A-(1.3+1.4+1.5))]	919.042	610.050
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 Equity Shareholders	-	-
1.6.2 Preferred Stock Holders	-	-
1.6.3 Participation Redeemable Preferred Shares	-	-
1.6.4 Profit Participating Bonds	-	-
1.6.5 Profit and Loss Sharing Certificate Holders	-	-
1.7 DIVIDEND TO PERSONNEL (-)	-	-
1.8 DIVIDEND TO THE BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 Equity Shareholders	-	-
1.9.2 Preferred Stock Holders	-	-
1.9.3 Participation Redeemable Preferred Shares	-	-
1.9.4 Profit Participating Bonds	-	-
1.9.5 Profit and Loss Sharing Certificate Holders	-	-
1.10 SECOND LEGAL RESERVE (-)	-	-
1.11 STATUS RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	-
1.13 OTHER RESERVES	-	-
1.14 DISTRIBUTION FROM RESERVES	-	-
II. DISTRIBUTED RESERVES		
2.1 SECOND LEGAL RESERVES (-)	-	-
2.2 SHARE TO SHAREHOLDERS (-)	-	-
2.3 Shareholders	-	-
2.3.1 Preferred Stock Holders	-	-
2.3.2 Participation Redeemable Preferred Shares	-	-
2.3.3 Profit Participating Bonds	-	-
2.3.4 Profit and Loss Sharing Certificate Holders	-	-
2.3.5 ALLOCATION TO PERSONNEL (-)	-	-
2.4 SHARE TO BOARD OF DIRECTORS (-)	-	-
2.5 PROFIT PER SHARE	-	-
III. TO SHARE CERTIFICATE HOLDERS		
3.1 TO SHAREHOLDERS (%)	-	-
3.2 TO THE HOLDERS OF PREFERRED SHARES	-	-
3.3 PRIVILEGED SHAREHOLDERS (%)	-	-
3.4 DIVIDEND PER SHARE	-	-
IV. TO SHARE CERTIFICATE HOLDERS		
4.1 TO SHAREHOLDERS (%)	-	-
4.2 TO THE HOLDERS OF PREFERRED SHARES	-	-
4.3 PRIVILEGED SHAREHOLDERS	-	-
4.4 PRIVILEGED SHAREHOLDERS (%)	-	-

NOTER YEMİNLİ - ADI TERCÜME
CİĞDEM MERCAN

Yeminli mütercim tercüman / Certified Translator
Tel: 0532 716 1670

(*) Profit distribution for 2025 will be decided at the General Assembly.

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

Halk Factoring Limited Company
For the Financial Year Ending 31 December 2025
Explanatory Notes to the Financial Statements

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

MERCAN EĞİTİM KURUMLARI - DANIŞMANLIK
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Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 İç Kapı No: 17 K. Çekmece / İSTANBUL
Tic. Sic. No: 6160327624 Sicil No: 536107-0

1 General

Halk Faktoring A.Ş. ("the Company") was established on 6 June 2012 to carry out factoring and all types of financing transactions. Factoring, the Company's area of operation, is a financing method involving the sale of trade receivables belonging to manufacturers, distributors and service companies to an intermediary organisation (factor); under this method, the factor assumes responsibility for securing financing, monitoring customer accounts, collecting receivables and bearing the risk of non-collection.

The Company provides factoring services both domestically and internationally and is a member of Factors Chain International ("FCI"), an association of international factoring companies. It conducts its activities in accordance with the "Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 13 December 2012 and numbered 28496, and the Banking Regulation and Supervision Agency ("BRSA (BDDK)")'s "Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies".

As of 31 December 2025, the number of employees was 85 (31 December 2024: 73).

Reşitpaşa Mah. Eski Büyükdere Cad. No:14 Park Plaza, 13th Floor, 34398 Maslak-Sarıyer, Istanbul TURKEY

2 Principles governing the presentation of financial statements

2.1 Accounting standards applied

The Company has prepared its financial statements, as attached, in accordance with the "Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings Financing Companies' Accounting Practices and Financial Statements" and the "Communication on the Uniform Chart of Accounts and Explanatory Notes to be Applied by Financial Leasing, Factoring, Financing and Savings Financing Companies", published in the Official Gazette of the same date and number, the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") and the related annexes and interpretations, as well as the regulations, circulars, explanations and general directives published by the Banking Regulation and Supervision Agency ("BRSA (BDDK)") regarding accounting and reporting principles (collectively, the "BRSA (BDDK) Accounting and Financial Reporting Legislation").

Prepared in accordance with the "Regulation Amending the Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies' Accounting Practices and Financial Statements" published in the Official Gazette dated 2 May 2018 and numbered 30409, companies have been granted the right to recognise expected credit loss provisions under IFRS 9, subject to notification to the BRSA(BDDK); the effective date of the aforementioned amendment has been set as 30 September 2018.

The Company sets aside specific provisions for factoring receivables in accordance with the "Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies", published by the Banking Regulation and Supervision Agency ("BRSA (BDDK)") in the Official Gazette dated 24 December 2013 and numbered 28861, and the provisions of other regulations amending the said regulation. As in previous periods, the Company continues to account for impairment provisions in accordance with the relevant legislation. The impact of IFRS 9 has not been reflected in the financial statements.

2.2 Valuation principles

The financial statements are prepared on a historical cost basis, except for financial instruments measured at fair value.

2.3 Functional and reporting currency

The accompanying financial statements are presented in Turkish Lira (TL), the Company's functional currency. Unless otherwise stated, financial information presented in TL is rounded to the nearest thousand.

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Halk Factoring Limited Company

For the Financial Year Ending 31 December 2025

Explanatory Notes to the Financial Statements

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

MERCAN EĞİTİM KURUMLARI – DANIŞMANLIK
VE YEMİNLİ TERCÜMANLIK SAN. TIC. LTD. ŞTİ.
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No: 3/1 İç Kapı No: 17 K.Çekmece / İSTANBUL
Halkalı V.D. 6160327624 Sicil No: 536107-0

2 Principles governing the presentation of the financial statements (continued)

2.4 Restatement of financial statements during periods of high inflation/Hyperinflationary

Pursuant to the statement issued by the Public Oversight, Accounting and Auditing Standards Authority (“KGGK” (POA) on 23 November 2023, financial statements of entities applying the Turkish Financial Reporting Standards (“TFRS”) must present their financial statements for the annual reporting period ending on or after 31 December 2023 adjusted for the effects of inflation in accordance with the accounting principles set out in “IAS 29 Financial Reporting in Hyperinflationary Economies”. The same statement notes that regulatory and supervisory authorities within their respective fields may set different transition dates for the application of inflation accounting. In this context, the Banking Regulation and Supervision Agency (“BRSA (BDDK)”) by virtue of its Board Decision No. 10825 dated 11 January 2024, has set the transition date for banks, financial leasing, factoring, financing, savings financing and asset management companies to adopt the “IAS 29 Financial Reporting in Hyperinflationary Economies” standard as 1 January 2025. A BRSA(BDDK) decision dated 5 December 2024 announced that these institutions would not apply inflation accounting in 2025. Accordingly, the “IAS 29 Financial Reporting in Hyperinflationary Economies” standard has not been applied in the Company’s financial statements as at 31 December 2025.

2.5 Accounting estimates

The preparation of financial statements in accordance with the BRSA(BDDK) Accounting and Financial Reporting Regulations requires management to make decisions, estimates and assumptions regarding the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and the assumptions underlying them are reviewed on an ongoing basis. Updates to accounting estimates are recognised in the period in which the update is made and in subsequent periods affected by such updates. The accounting estimates used in the preparation of the Company’s accompanying financial statements are as follows:

- Provisions
- Deferred tax income/expense
- Tax provision
- Provisions for liabilities and expenses

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Tel: 0532 716 26 00

2 Principles for the presentation of financial statements (continued)

2.6 Changes in accounting policies

Significant changes in accounting policies are applied retrospectively and the financial statements for prior periods are restated.

Provisions are set aside for factoring receivables and other receivables where collection is deemed doubtful in the future, and these are charged as an expense against the current period's profit. The provision for doubtful debts is the amount set aside by the Company to cover potential future losses relating to existing factoring receivables, following an assessment of the Company's credit portfolio in terms of quality and risk, whilst also taking into account economic conditions, other factors and relevant legislation. In accordance with the provision policy applied to factoring receivables for the financial year ending 31 December 2024, the Company has set aside a specific provision of 100% for all receivables under collection. The Company has updated its provisioning policy for factoring receivables in accordance with the "Communication on the Uniform Chart of Accounts and Explanatory Notes to be Applied by Financial Leasing, Factoring and Financing Companies" as follows.

The Company, pursuant to the "Communication on the Uniform Chart of Accounts and Notes to be Applied by Financial Leasing, Factoring and Finance and Savings Finance Companies, and the Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring and Finance and Savings Finance Companies", and the "Communication on the Uniform Chart of Accounts and Explanatory Notes to be Applied by Financial Leasing, Factoring and Financing Companies", factoring receivables that are overdue by more than 90 days but not exceeding 180 days from the due date, after taking into account the collateral, factoring receivables overdue for more than 180 days but not exceeding one year from the due date, after taking into account the collateral, 50 per cent, and factoring receivables overdue for more than one year from the due date, after taking into account the collateral, 100 per cent.

As the effect of this accounting policy is immaterial, the Company has not restated its financial statements for prior periods. Had the Company applied this policy in the financial year ended 31 December 2024, the pre-tax profit and net profit for the financial year ended 31 December 2025 would have been 8.220 TL and 5.754 TL lower, respectively (2024: profit before tax and net profit for the period would have been 8.220 TL and 5.754 TL higher, respectively).

2.7 Comparative information and restatement of prior-period financial statements

To enable the identification of trends in financial position and performance, the company's financial statements are prepared on a comparative basis with the previous period. Where the presentation or classification of items in the financial statements has changed, the financial statements for the previous period are also reclassified accordingly to ensure comparability.

The company has not made any adjustments to the financial statements of the prior period in the current year.

2.8 CLARIFICATION

Financial assets and liabilities are presented in the financial statements at their net amounts where there is a legal right to offset, where net settlement is possible, or where the asset can be realised and the liability settled simultaneously.

Halk Factoring Limited Company

For the Financial Year Ending 31 December 2025

Explanatory Notes to the Financial Statements

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

MERCAN EĞİTİM KURUMLARI - DANIŞMANLIK
VE YEMİNLİ TERCÜMANLIK SAN. TIC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 İç Kapı No: 17 K.Çekmece / İSTANBUL
Tic. Sicil No: 271107/01

2 Principles for the presentation of financial statements (continued)

2.9 Standards and amendments published as at 31 December 2025 but not yet effective:

There are certain new or amended accounting standards that come into effect for financial periods beginning on or after 1 January 2025, and which permit early adoption. However, the Company has not early adopted the new or amended accounting standards listed below in the preparation of these consolidated financial statements.

a) IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, published by the IASB on 9 April 2024, will replace IAS 1 Presentation of Financial Statements and will be effective for financial years beginning on or after 1 January 2027. The KGGK (POA) announced that it would publish the relevant standard on 8 May 2025 under the title "*IFRS 18 Presentation and Disclosure in Financial Statements*", and that with the entry into force of this standard, the currently applicable "*IAS 1 Presentation of Financial Statements*" would be withdrawn. The new standard introduces the following main changes:

- Entities are now required to classify all income and expenses in the income statement under five categories: operating, investing, financing, discontinued operations and income tax, and to present the newly defined operating profit as an interim total. The entity's net profit for the period will remain unchanged.
- Performance measures defined by management (Management-Defined Performance Measures) must be disclosed in a single note to the financial statements.
- Guidance on how information should be grouped in the financial statements has been strengthened.

In addition, where cash flows from operating activities are presented using the indirect method, all entities will be required to use the operating profit subtotal as the starting point in the cash flow statement.

IFRS 18 will be applied retrospectively, and early application is permitted. The Company is continuing the process of assessing the potential impact of the new standard on its financial statements, focusing in particular on the effects on the structure of the Company's income statement and cash flow statement, as well as on additional disclosures relating to performance measures defined by management. In addition, the effects on the presentation of information in the financial statements, including items currently classified as 'other', are also being assessed.

Changes to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: disclosures changes to standards

Classification of financial assets with contingent features

The amendments introduce a requirement for an additional SPPI (principal and interest only) test to clarify the classification of financial assets with contingent features that are not directly related to changes in underlying credit risks or costs - For example, in cases where cash flows vary depending on whether they meet an ESG (environmental, social and governance) target specified in the borrower's credit agreement, the classification of such a contingent financial asset will be determined by the SPPI test. The SPPI test determines whether the asset should be accounted for at its amortised cost or fair value.

Under the amendments, certain financial assets, including those with ESG-related features, may now meet the SPPI criterion provided that their cash flows do not differ significantly from those of an identical financial asset without such a feature. However, companies will need to carry out additional work requiring judgement to demonstrate this.

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ÇİĞDEM MERCAN
Yeminli mütercim tercüman / Certified Translator
Tel: 0532 715 26 01

Halk Factoring Limited Company

For the Financial Year Ending 31 December 2025

Explanatory Notes to the Financial Statements

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

2 Principles for the presentation of financial statements (continued)

2.9 Standards and amendments published as at 31 December 2025 but not yet effective (continued)

a) IFRS 18 – Presentation and Disclosure in Financial Statements (continued)

The amendments also include additional disclosures for all financial assets and financial liabilities that have the following specific contingent features:

- That are not directly related to a change in underlying credit risks or costs; and
- measured without the fair value change being recognised in profit or loss.

Settlement of trade payables via electronic payment systems

A company that settles a trade payable using an electronic payment system generally derecognises the trade payable from its records on the payment date. The amendments introduce an exception to the derecognition of such financial liabilities from the financial statements. This exception permits the company to derecognise the trade payable from the statement of financial position prior to the payment date, provided the company uses an electronic payment system that meets all of the following criteria:

- It is not possible to revoke, suspend or cancel the payment instruction;
- The inability to access the funds to be used for payment as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being negligible.

Other changes

Contract-linked instruments (CLIs) and non-recourse features

The amendments clarify the fundamental characteristics of contract-linked instruments and how they differ from financial assets with non-recourse features. The amendments also specify the factors a company must consider when assessing the cash flows constituting its financial assets with non-recourse features (the 'review' test).

Disclosures regarding investments in equity-linked financial instruments

The amendments require additional disclosures for investments in equity instruments measured at fair value, where gains or losses are recognised in other comprehensive income (with changes in fair value recognised in other comprehensive income).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Entities may elect to apply these amendments (including the related disclosure requirements) early, separately from the amendments relating to the recognition and derecognition of financial assets and financial liabilities.

The Company is assessing the potential impact of these amendments to IFRS 9 and IFRS 7 on its financial statements.

Halk Factoring Limited Company
For the Financial Year Ending 31 December 2025
Explanatory Notes to the Financial Statements

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

MERCAN EĞİTİM KURUMLARI - DANIŞMANLIK
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2 Principles for the presentation of financial statements (continued)

2.9 Standards and amendments published but not yet effective as at 31 December 2025 (continued)

a) IFRS 18 – Presentation and Disclosure in Financial

Statements IFRS Annual Improvements – Amendment 11

The annual improvements process aims to enhance the clarity and internal consistency of IFRS Accounting Standards. In July 2024, the IASB published a document entitled “Annual Improvements to IFRS Accounting Standards—Amendment 11” with the aim of making minor amendments to the standard. The relevant amendments were also published by the KGK (POA) on 27 September 2025 as “Annual Improvements to IFRSs – Volume 11”.

Transaction Price (Amendments to IFRS 9: Financial Instruments): The term ‘transaction price’, which appears in IFRS 9 and is used in certain paragraphs of IFRS 9 in a sense that is not necessarily consistent with the definition in IFRS 15, has been updated to be replaced by ‘the amount determined by applying IFRS 15’.

Derecognition of Lease Liabilities (Amendments to IFRS 9: Financial Instruments): Where a lease liability is derecognised, this transaction is accounted for in accordance with IFRS 9. However, any modification to the lease is accounted for in accordance with IFRS 16. The amendment specifies that, when lease liabilities are derecognised under IFRS 9, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

The amendment regarding the derecognition of lease liabilities applies only to lease liabilities that are terminated after the commencement of the annual reporting period in which the amendment is first applied.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

Hedge Accounting for First-time Adopters (Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards):

IFRS 1 has been amended for the following purposes:

- To enhance consistency with the requirements of IFRS 9 regarding hedge accounting;
- To enhance understandability;

In IFRS 1, a cross-reference to IFRS 9 has been added under the section titled ‘Exception to the retrospective application of other IFRSs’.

Gains or Losses Arising on Derecognition (IFRS 7 Financial Instruments: Amendments to Disclosures):

A statement has been added explaining that the guidance in IFRS 7 does not illustrate all the requirements relating to the accounting for gains and losses arising on derecognition. Furthermore, the phrase “inputs not based on observable market data” has been amended to “unobservable inputs” to align with the terminology of IFRS 13.

Disclosure of the Deferred Difference Between Fair Value and Transaction Price (Amendments to IFRS 7 Financial Instruments: Disclosures):

This amendment clarifies and simplifies the concept that the transaction price may differ from the market value at the time of initial recognition, addressing a phrase that had not been amended following the publication of IFRS 13 in May 2011. Fair value is not supported by a price at which the same asset or liability is bought or sold in an active market (Level 1 input) or by a valuation technique based solely on observable market data. (In such cases, the difference will be recognised in profit or loss in subsequent periods in accordance with IFRS 9.)

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ÇİĞDEM MERCAN
Yeminli mütercim tercüman / Certified Translator
Tel: 0532 716 25 01

Halk Factoring Limited Company
For the Financial Year Ending 31 December 2025
Explanatory Notes to the Financial Statements
(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated)

MERÇAN EĞİTİM KURUMLARI – DANIŞMANLIK
VE YEMİNLİ TERCÜMANLIK SAN. TİC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 K. Kapı No: 17 K. Çekmece / İSTANBUL
Tic. Sic. No: 6160327624 Sicil No: 536107-0

2 Principles for the presentation of financial statements (continued)

2.9 Standards and amendments published but not yet effective as at 31 December 2025 (continued):

IFRS Annual Improvements – Amendment 11 (continued):

Credit Risk Disclosures:

Clarity has been provided by amending paragraph IG1 to explain that it does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7.

Determination of a De Facto Agent (Amendments to IFRS 10 Consolidated Financial Statements):

When determining whether another party is acting on behalf of the investor, the standard has been amended to use less definitive language to determine whether a party is acting as a de facto agent, where the parties directing the investor’s activities have the ability to direct that party to act on the investor’s behalf; in such cases, an assessment is required.

Cost Method (Amendments to IAS 7):

Following the removal of the term “cost method” in previous amendments, the wording in IAS 7 has been amended from “cost method” to “recognised at cost”.

Contracts for Electricity Generated from Natural Resources – IFRS 9 and IFRS 7 Amendments

In December 2024, the IASB amended IFRS 9 to address the challenges in applying IFRS 9 to contracts relating to electricity generated from natural resources, sometimes referred to as Renewable Energy Supply Agreements (“RESAs”). The relevant amendments were also published by the KGK(POA) on 10 August 2025 as “*Contracts Relating to Nature-Based Electricity (Amendments to IFRS 9 and IFRS 7)*”.

The amendments provide guidance on the following:

- Under such YETA schemes, an ‘own-use’ exemption applies to electricity purchasers and
- Hedge accounting requirements for companies whose electricity purchases or sales are hedged using YETAs requirements.
- IFRS 7 Financial Instruments: Disclosures and IFRS 19 Non-Publicly Listed Entities: New disclosure requirements for certain YETA interpretations.

These amendments are effective for reporting periods beginning on or after 1 January 2026. Early application is permitted.

Own-Use Exemption for YETAs

If the own-use exemption under IFRS 9 does not apply when purchasing electricity through YETAs, YETAs are treated as derivatives and measured at fair value with changes recognised in profit or loss; as YETAs are typically long-term contracts, this may lead to significant fluctuations in the income statement.

For the own-use exemption to apply to YETAs, IFRS 9 requires companies to assess whether the contract is consistent with the company’s expected purchase or usage requirements – for example, where the company expects to consume the electricity purchased. The unique characteristics of electricity – namely, that it cannot be stored and that unused electricity must be sold on the market within a short period, with such sales taking place in accordance with market conditions rather than short-term price speculation – have created a need for clarity regarding the application of the current exemption. The amendments permit companies to apply the self-use exemption for YETAs if they are expected to remain net electricity consumers throughout the contract period.

These amendments are applied retrospectively based on the circumstances and conditions at the start of the first application reporting period, without requiring adjustments to prior periods.

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VE YEMİNLİ TERCÜMANLIK SAN. TIC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1, İç Kapı No: 17 K. Çekmece / İSTANBUL
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2 Principles for the presentation of financial statements (continued)

2.9 Standards and amendments published but not yet effective as at 31 December 2025 (continued):

IFRS Annual Improvements – Amendment 11 (continued):

Requirement for Hedge Accounting for YETAs

As virtual YETAs (differential contracts) and YETAs that do not meet the self-use exemption are accounted for as derivatives and measured at fair value with changes recognised in profit or loss, the hedge accounting requirements in IFRS 9 have been amended to permit the application of hedge accounting for YETAs. This amendment aims to reduce fluctuations in profit or loss:

- Companies may use renewable electricity sales or purchases as the hedged item, provided the variable nominal allows them to determine its volume rather than using a fixed volume.
- It enables them to measure the hedged item using the same volume assumptions as those used for the hedging instrument.

These changes apply prospectively only to new hedging transactions designated after the initial application date. Furthermore, they allow companies to terminate an existing hedge accounting relationship and to designate the same hedging instrument (i.e. contracts relating to electricity generated from natural resources) in a new hedging relationship and apply the changes.

New and updated standards and interpretations published by the International Accounting Standards Board ("IASB") but not yet published by the Public Oversight, Accounting and Auditing Standards Authority ("POAAS")

The Company is assessing the potential impact on the financial statements of the application of the amendments arising from "Contracts for Electricity Generated from Natural Resources" in IFRS 9 and IFRS 7. IAS 21 – Translation into the Presentation Currency in Hyperinflationary Economies

IASB, has made amendments to *IAS 21 The Effects of Changes in Foreign Exchange Rates* to provide a consistent and straightforward translation method and to address issues relating to the increasing amounts of foreign currency translation differences accounts in some companies. These amendments clarify the following matters regarding the translation of a company's financial statements from the currency of a non-hyperinflationary economy into a hyperinflationary presentation currency:

- an entity whose functional currency is the currency of a non-hyperinflationary economy shall, when translating financial statement items into the presentation currency, use the closing rate for the most recent reporting period for all financial statement items (including comparative amounts); and
- When converting all amounts (excluding comparative information) relating to a foreign entity whose currency is that of an economy not experiencing high inflation, the closing exchange rate for the most recent reporting period shall be used; comparative information, however, shall be restated by applying the general price index.

The amendments will be applied retrospectively for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The Company is assessing the potential impact on its financial statements of the application of the amendment to IAS 21, 'Translation into the Presentation Currency in Hyperinflationary Economies'.

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ÇİĞDEM MERCAN
Yemimli mütercim tercüman / Certified Translator
Tel: 0582 716 26 01

Halk Factoring Limited Company

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VE YEMİNLİ TERCÜMANLIK SAN. TIC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 İç Kapı No: 17 K.Çekmece / İSTANBUL
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3 Summary of significant accounting policies

3.1 Financial instruments

Financial assets and liabilities are recognised in the Company's statement of financial position where the Company is a legal party to these financial instruments.

a) Non-derivative financial instruments

Non-derivative financial instruments consist of factoring receivables, bank balances, loans received and sundry payables.

Non-derivative financial instruments are recorded at cost. Once recorded, non-derivative financial instruments are accounted for as follows:

Bank deposits include amounts held in deposits with a maturity of less than three months. Bank deposits refer to short-term, highly liquid investments that are readily convertible to cash, have a maturity not exceeding three months from the date of creation, and carry no risk of impairment. Term deposits held with banks are subsequently monitored at their discounted values using the effective interest rate.

Factoring receivables are recorded at their initial cost, net of transaction costs. In the periods following their recording, factoring receivables are carried at their discounted values using the effective interest rate.

Factoring receivables and other assets that are uncollectible and/or, pursuant to the Circular published in the Official Gazette dated 24 December 2013 and numbered 28861 "Communication on the Uniform Chart of Accounts and Explanatory Notes to be Applied by Financial Leasing, Factoring and Financing and Savings Financing Companies. and the Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing and Savings Financing Companies," and effective from 1 January 2008, the provisions meeting the criteria specified in the "Communication on the Procedures and Principles Regarding Provisions to be Set Aside for Receivables by Financial Leasing, Factoring and Financing Companies", published by the BDDK on 20 July 2007 under No. 26588, are transferred to follow-up accounts, and the remaining values after deducting the amounts of the specific provisions set aside are included in the financial statements.

b) Financial assets measured at amortised cost

A financial asset is classified as a financial asset measured at amortised cost if it is held within a business model aimed at collecting contractual cash flows, and the terms of the contract relating to the financial asset give rise to cash flows consisting solely of principal and interest payments arising from the principal balance at specified dates. Financial assets measured at amortised cost are initially recognised at their acquisition cost, which reflects their fair value, plus transaction costs, and are subsequently measured at 'amortised cost' using the 'effective interest rate (internal rate of return) method'. Interest income relating to financial assets measured at amortised cost is recognised in the income statement. As at 31 December 2025, the Company has classified cash and cash equivalents and factoring receivables as financial assets measured at amortised cost in its financial statements.

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ÇİĞDEM MERCAN

Yemimli mütercim tercüman / Certified Translator

Tel: 0532 718 26 00

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VE YEMİNLİ TERCÜMANLIK SAN. TIC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 K. Kapı No: 17 K. Çekmece / İSTANBUL
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3 Summary of significant accounting policies

3.1 Financial instruments (continued)

c) Financial assets where changes in fair value are recognised in other comprehensive income

In addition to holding a financial asset within a business model aimed at collecting the contractual cash flows and selling the financial asset, where the terms of the contract relating to the financial asset give rise to cash flows consisting solely of principal and interest payments arising from the principal balance at specific dates, the financial asset is classified as one where changes in fair value are recognised in other comprehensive income. Upon initial recognition in the financial statements, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument not held for trading in other comprehensive income. If this election is made, valuation differences are classified as not reclassified to profit or loss. Dividends received from such an investment, however, are recognised in profit or loss.

d) Financial liabilities

The Company's financial liabilities and equity instruments are classified in accordance with contractual arrangements and the criteria for defining a financial liability and an equity instrument. A contractual equity instrument is an instrument that represents the Company's right to the residual interest in the assets after all liabilities have been settled.

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

Other financial liabilities are initially recognised at cost net of transaction costs and are subsequently measured at amortised cost.

Foreign currency transactions

Transactions denominated in foreign currency are converted into Turkish lira at the exchange rate prevailing at the time of the transaction. Gains and losses arising from these transactions and from the translation of foreign currency-denominated monetary assets and liabilities are recognised in the profit or loss statement. These balances are valued at year-end exchange rates.

3.2 Property, plant and equipment and depreciation / tangible fixed assets and depreciation

Tangible fixed assets are stated at their acquisition cost less accumulated depreciation and permanent impairment losses.

(i) Subsequent expenditure

Costs incurred to replace any part of a tangible fixed asset are capitalised. Subsequent expenditure may be capitalised if it is of a nature to increase the future economic benefit of the asset in question. All other expense items are recognised in the income statement on an accrual basis.

(ii) Depreciation

Depreciation of tangible fixed assets is allocated using the straight-line method, based on the assets' useful lives and their acquisition dates.

The depreciation periods reflecting the average useful lives of tangible fixed assets are set out below:

Description

Furniture and fixtures
Motor vehicles
Special costs

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ÇİĞDEM MERCAN 4-10 years
Yeminli mütercim tercüman / Certified Translator 5 years
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Special costs are depreciated using the straight-line method over the shorter of the lease term or the useful life of the special cost in question/ leasehold improvement .

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VE YEMİNLİ TERCÜMANLIK SAN. TIC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
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3 Summary of significant accounting policies

3.3 Intangible assets

Intangible fixed assets consist of computer software licences. Computer software licences are stated at their acquisition cost less accumulated amortisation and any impairment losses. Amortisation charges relating to intangible fixed assets are allocated using the straight-line method over the estimated useful lives of the relevant assets, provided that this does not exceed their economic lives from the date of acquisition.

Definition

Computer software licence

Year

3 years

3.4 Impairment of assets

Financial assets

A financial asset is deemed to be impaired if there is one or more objective pieces of evidence indicating that its estimated future cash flows have been adversely affected.

Provisions are set aside for factoring receivables and other receivables where future collectability is in doubt, and these are charged as an expense and deducted from the current period's profit. The provision for doubtful debts is the amount set aside by the Company to cover potential future losses relating to existing factoring receivables, following an assessment of the Company's credit portfolio in terms of quality and risk, whilst also taking into account economic conditions, other factors and relevant legislation.

The Company, pursuant to the Regulation published in the Official Gazette on 24 December 2013 under No. 28861 and the "Regulation on the Uniform Chart of Accounts and Notes to be Applied by Financial Leasing, Factoring and Financing and Savings Financing Companies, and the Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing and Savings Financing Companies," and the "Communication on the Uniform Chart of Accounts and Explanatory Notes to be Applied by Financial Leasing, Factoring and Financing Companies" published in the Official Gazette of the same date and number, factoring receivables that are overdue by more than 90 days but not exceeding 180 days from the due date, after taking into account the collateral, 20 per cent of the amount; factoring receivables overdue for more than 180 days but not exceeding one year from the due date, after taking into account the collateral, 50 per cent of the amount; and factoring receivables overdue for more than one year from the due date, after taking into account the collateral, 100 per cent of the amount, a specific provision must be set aside.

Factoring receivables overdue for less than one year are classified as 'Receivables to be Liquidated' under 'Receivables Under Follow-up', whilst factoring receivables overdue for more than one year are classified as 'Loss-Classified Receivables'. Following the extension of BRSA(BDDK) Decision No. 8948 by Decision No. 8950, the 90-day delay period specified in the provision requiring a 20% provision to be set aside for factoring companies' receivables was increased to 180 days, and subsequently reduced to 90 days by Decision No. 9795.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if it can be objectively linked to an event occurring after the date on which the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

NOTER YEMİNLİ - ADLI TERCÜME
ÇİĞDEM MERCAN
Yeminli mütercim/tercüman / Certified Translator
Tel: 0532 715 26 01

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VE YEMİNLİ TERCÜMANLIK SAN. TIC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 İç Kapı No: 17 K.Çekmece / İSTANBUL
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3 Summary of significant accounting policies (continued)

3.4 Impairment of assets (continued)

Derecognition / De-registration

Pursuant to the "Regulation Amending the Regulation on Accounting Practices and Financial Statements of Factoring and Financing Companies", published in the Official Gazette dated 27 November 2019 and numbered 30961, Factoring and Financing Companies' Accounting Practices and Financial Statements" published in the Official Gazette dated 27 November 2019 and numbered 30961, the portion of receivables tracked in the "Receivables of a Loss Nature" account for which there are no reasonable expectations of recovery—due to the debtor's default—and for which a lifetime expected credit loss provision or specific provision has been set aside, may be derecognised under IFRS 9 from the first reporting period (interim or year-end reporting period) following their transfer to the "Doubtful Debts" account.

The Company did not carry out any derecognition in 2025 (2024: None).

Write-off is an accounting procedure and does not result in the waiver of a right to claim. Receivables written off do not affect the company's legal enforcement proceedings. Indicators are used to demonstrate that there is no reasonable expectation of recovering the receivables. Write-offs are assessed on a case-by-case basis against predefined criteria, with particular attention paid to the following write-off indicators:

- Limited recovery potential: Receivables are assessed where the collateralisation ratio is low, the ability to realise collateral is limited, assets providing enforceable collection rights are limited, and the expected recovery is low relative to the costs required for collection,

Financial indicators:

- Financial indicators suggesting that the entire receivable is unlikely to be recovered are assessed,
- Long-term monitoring: Receivables that have been under monitoring for an extended period and for which there is no reasonable expectation of recovery are assessed.

Non-financial assets

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

If the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, an impairment loss is recognised. The smallest identifiable group of assets that generates cash inflows independently of other assets or the Company is defined as a cash-generating unit. Impairment losses are recognised in the income statement.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use or the fair value less costs to sell. Value in use is calculated by discounting the expected future cash flows of the asset using a pre-tax internal rate of return that reflects the asset's risks, taking into account the time value of money under current market conditions.

Impairment losses recognised in previous periods for other assets are reviewed in each reporting period if there are indications that the impairment has decreased or is no longer valid. An impairment loss is reversed if there are changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only if it does not exceed the asset's determined carrying amount after net depreciation and amortisation have been taken into account.

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ÇİĞDEM MERCAN
Yeminli mütercim tercüman / Certified Translator
Tel: 0532 715 26 01

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YEMİNLİ TERCÜMANLIK SAN. TİC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 K. Kapi No: 17 K. Çekmece / İSTANBUL
Haikali v.d. 6160327624 Sicil No: 536107-0

3 Summary of significant accounting policies (continued)

3.5 Capital increases

Capital increases from existing shareholders are accounted for at their nominal values, as approved and registered at the annual general meetings.

3.6 Provisions for employee benefits

(i) Provision for severance pay

The provision for severance pay is recognised based on the present value of the Company's estimated liability arising from employees' retirement, calculated in accordance with the Turkish Labour Code. It is calculated on an accrual basis as employees become entitled to it and is recognised in the financial statements. The liability amount is calculated based on the severance pay ceiling announced by the government.

Under the Turkish Labour Code, the Company is obliged to pay severance pay to employees who have completed one year of service and whose employment relationship with the Company is terminated for reasons other than resignation or misconduct, or who have completed their years of service and become eligible for retirement, or who are called up for military service, or who have passed away.

IAS 19 – Employee Benefits requires the use of actuarial methods in the calculation of the provision for severance pay. The actuarial assumptions used as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025	31 December 2024
Net discount rate	4.50%	2.98
Expected salary/ceiling increase rate	23.38%	23.30%
Estimated staff turnover rate	4.00%	4.00%

(ii) Compensation for unused leave

Under the Labour Law applicable in Turkey, the Company is obliged to pay the employee or their beneficiaries the remuneration corresponding to any annual leave entitlement accrued but not taken by the employee, calculated at the rate of pay applicable on the date the employment contract terminates, in the event the contract is terminated for any reason.

(iii) Bonus payments

The Company records bonuses as a liability and expense based on a method that takes into account the Company's profitability, budget achievement and performance criteria. The Company also sets aside provisions in cases where a contractual obligation or an implied liability arises.

3.7 Provisions, contingent assets and liabilities

As stated in TMS 37, the "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets", for any provision amount to be recognised in the financial statements: the Company must have a present legal or contractual obligation arising from past events; it must be probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount of the obligation must be reliably estimable. If these criteria are not met, the Company discloses such matters in the explanatory notes to the relevant financial statements.

Where the effect of the time value of money is material, the provision amount is determined as the present value of the cash outflows expected to be required to settle the liability. In determining the discount rate to be used in discounting provisions to their present value, the interest rate prevailing in the relevant markets and the risk associated with the liability in question are taken into account. Contingent assets are not recognised in the accounts unless they materialise and are disclosed only in the notes.

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VE YEMİNLİ TERCÜMANLIK SAN. TİC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 İç Kapı No: 17 K.Çekmece / İSTANBUL
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3 Summary of significant accounting policies (continued)

3.8 Recognition of revenue and expenses

(i) Factoring income

Factoring interest and commission income is recognised on an accrual basis using the effective interest rate method.

(ii) Other interest income

Other interest income is recognised on an accrual basis using the effective interest rate method.

(iii) Other operating income and expenses

Other income and expenses are recognised on an accrual basis.

3.9 Taxes

Corporation tax

The company is subject to the tax legislation and practices in force in Turkey. Corporation tax is declared by the close of business on the last day of the fourth month following the end of the relevant financial period and is paid in a single instalment by the end of that month. Companies are required to calculate provisional tax at the applicable tax rate on their financial profits realised in three-monthly periods, declare this by the 17th day of the second month following the relevant period, and pay it by the end of that day. Provisional taxes paid during the year are set off against the corporation tax calculated on the annual corporation tax return for that year. If any amount of provisional tax remains after the set-off, this amount may be refunded in cash or set off against other financial liabilities.

In Turkey, the commercial profits of companies are subject to corporation tax on the statutory tax base, which is calculated by adding expenses not recognised under tax legislation and deducting the allowances and exemptions provided for in tax legislation. The standard corporate tax rate applicable to this base is 30% for banks, companies covered by Law No. 6361, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, and insurance, reinsurance and pension companies, in respect of profits earned in 2023 and subsequent tax periods. Consequently, the Company has applied a tax rate of 30% in its calculation of current-period tax and deferred tax for the year 2025 (31 December 2024: 30%).

Pursuant to General Circular No. 555 of the Tax Procedure Code, published in the Official Gazette No. 32415 (2nd supplementary issue) dated 30 December 2023, and in accordance with Article 298 of the Tax Procedure Code No. 213, it has been made mandatory for financial statements prepared in accordance with tax legislation for the 2023 financial year by businesses operating in Turkey to be subject to inflation adjustment.

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ÇİĞDEM MERCAN
Yemimli mütercim tercüman / Certified Translator
Tel: 0532 716 26 01

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Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 K. Kapı No: 17 K. Çekmece / İSTANBUL
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3 Summary of significant accounting policies (continued)
3.9 Taxes (continued)

Corporation tax (continued)

However, pursuant to Article 17 of Law No. 7491 on Amendments to Certain Laws and Decrees with the Force of Law, published in the Official Gazette No. 32413 dated 28 December 2023, , banks, companies falling within the scope of the Law No. 6361 on Financial Leasing, Factoring, Financing and Savings Financing Companies dated 21 November 2012, payment and electronic money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, as well as insurance and reinsurance companies and pension companies, shall not take into account the profit/loss differences arising from inflation adjustments made during the 2024 and 2025 financial years, including interim tax periods, when determining their profits. Consequently, no tax expense for the period has arisen from the application of inflation accounting during the relevant periods.

However, pursuant to the Provisional Article 37 added to the Tax Procedure Code and published in the Official Gazette No. 33118 dated 25 December 2025, for the 2025 financial year and the 2026 and 2027 financial years, including interim tax periods, financial statements prepared in accordance with tax legislation shall not be subject to inflation adjustment, regardless of whether the conditions for such adjustment have arisen. During the aforementioned periods, in accordance with paragraph (C) of Article 298 of the Tax Procedure Code, economic assets subject to depreciation included in the financial statements prepared in accordance with tax legislation, as well as the accumulated depreciation relating thereto and appearing on the liabilities side of the financial statements prepared in accordance with tax legislation, may be subject to revaluation for tax purposes. Any increases in value arising from such revaluation shall be subject to income tax or corporation tax in the current period, without being linked to the profit of the period in which the transaction took place, should such amounts be transferred to any other account or withdrawn from the business in any manner other than being added to capital. The Company has not availed itself of the relevant revaluation option in its financial statements as at 31 December 2025.

In accordance with Article 37 of the Tax Procedure Code, the tax effects arising from the financial statements as at 31 December 2025 not being subject to inflation adjustment have not been taken into account in the deferred tax calculation as at 31 December 2025.

Under the Corporation Tax Act, financial losses shown on the tax return may be deducted from the corporation tax base for the relevant period, provided that such losses do not exceed five years. There is no practice of reaching an agreement with the tax authorities regarding taxes payable in Turkey. The competent authorities authorised to conduct tax audits may examine tax returns and the underlying accounting records for a period of five years following the financial year and may reassess the tax liability based on their findings.

Dividend payments made to companies resident in Turkey, other than those exempt from or not liable for corporation tax and income tax, as well as to individuals resident in Turkey and those not resident in Turkey, and to legal entities not resident in Turkey, are subject to a 15% income tax. There is a withholding tax obligation on dividend distributions, and this obligation is declared in the period in which the dividend is paid, whether in cash or by bank transfer.

Dividend payments made by Turkish resident joint-stock companies to other Turkish resident joint-stock companies are not subject to income tax. Furthermore, no income tax is calculated where profits are not distributed or are added to the capital.

When applying withholding tax rates to profit distributions made to non-resident entities and individuals, the withholding tax rates specified in the relevant Double Taxation Avoidance Agreements are also taken into account. When applying withholding tax rates to profit distributions made to limited liability companies and individuals, the withholding tax rates set out in the relevant Double Taxation Agreements are also taken into account.

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Atakent Mah. 221. Sok. Rota Office A Blok
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3 Summary of significant accounting policies (continued)

3.9 Taxes (continued)

Corporation tax

(continued)

Dividend income derived by companies from their participation in the capital of another company subject to full tax liability is exempt from corporation tax. Furthermore, 50% of the gains arising from the sale of shares in subsidiaries held in the corporation's assets for at least two full years, as well as founding certificates, income certificates, pre-emption rights held for the same period, and units in investment funds falling within the scope of the income exemption under the Corporation Tax Act, are exempt from corporation tax. Fifty per cent of the gains arising from the sale of immovable property (real estate) held by companies for the same period, together with the founding certificates, usufruct certificates and pre-emption rights attached to such property, were previously exempt from corporation tax. However, following the amendment, as of 15 July 2023, the 50% tax exemption provided for in the Corporation Tax Act for gains from the sale of immovable property has been abolished. Nevertheless, this exemption will continue to apply at a rate of

To benefit from the exemption, the relevant gain must be held in a reserve account within the liabilities section of the financial statements prepared in accordance with tax legislation and must not be withdrawn from the business for a period of five years. The relevant gain may be added to the capital during this period. The sale proceeds must be collected by the end of the second calendar year following the year in which the sale took place.

Deferred tax assets and liabilities

Deferred tax liabilities or assets are determined by calculating the tax effects of temporary differences between the amounts of assets and liabilities recognised in the financial statements and the amounts taken into account in the calculation of the tax base, using the balance sheet method and applying tax rates that are currently in force or are certain or virtually certain to come into force. Deferred tax liabilities are calculated for all taxable temporary differences, whilst deferred tax assets arising from deductible temporary differences are calculated on the condition that it is probable that future taxable profit will be available against which to utilise such differences. Such assets and liabilities are not recognised if they arise from temporary differences relating to transactions that affect neither accounting profit nor taxable profit, or from the initial recognition of goodwill or other assets and liabilities in the financial statements (other than business combinations).

Transfer pricing regulations

In Turkey, transfer pricing regulations are set out in Article 13 of the Corporate Tax Law, entitled 'Distribution of hidden profits through transfer pricing'. The circular dated 18 November 2007 regarding the distribution of hidden profits through transfer pricing sets out the details of the application.

If a taxpayer engages in the purchase or sale of goods or services with related parties at a price or value determined in breach of the arm's length principle, the profit is deemed to have been distributed implicitly, in whole or in part, through transfer pricing. Such distribution of profits through transfer pricing cannot be deducted when determining corporate profit for corporation tax purposes and is treated as a distributed dividend.

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3.12 Cash flow statement

The Company prepares a cash flow statement to provide users of the financial statements with information regarding changes in net assets, its financial structure, and its ability to manage the timing and amount of cash flows in response to changing conditions.

In the cash flow statement, cash flows for the period are reported classified by operating, investing and financing activities. Cash flows from operating activities represent cash flows arising from matters falling within the Company's scope of operations. Cash flows from investing activities show the cash flows used and received by the Company in its investing activities (fixed assets and financial investments). Cash flows from financing activities show the sources of funds used by the Company in its financing activities and the repayments of these funds.

3.13 Reporting of financial information by segment

The Company does not have operating segments that include the information used by management to assess performance and decide on the allocation of resources.

3.14 Effects of exchange rate fluctuations

Transactions denominated in foreign currency are converted into Turkish Lira (TL) at the foreign exchange rate prevailing on the transaction date. Foreign currency monetary assets and liabilities are converted into TL at the end of the period using the exchange rate prevailing on the reporting date. Exchange rate differences arising from such transactions are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and presented at fair value are expressed in Turkish Lira (TL) using the exchange rate on the date the fair value was determined.

The exchange rate information used by the Company as at 31 December 2025 and 31 December 2024 is as follows:

	31 December 2025	31 December 2024
US Dollar	42.8457	35.2803
Euro	50.2859	36.7362
British Pound	57.5123	44.2073

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3 Summary of significant accounting policies (continued)

3.15 Leases (continued)

Where the lease liability is remeasured, an adjustment to the right-of-use asset is recognised in the financial statements based on the newly determined liability amount. However, where the carrying amount of the right-of-use asset has fallen to zero and a further decrease in the measurement of the lease liability exists, the remaining remeasurement amount is recognised in profit or loss.

3.16 Earnings per share

As the Company's shares are not traded on a stock exchange, earnings per share have not been calculated in the accompanying financial statements.

4 Financial risk management

The company is exposed to the following risks arising from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note is provided to inform readers of the Company's objectives, policies and processes regarding the management of the risks mentioned above, should the Company be exposed to them.

The Company's Board of Directors is generally responsible for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies have been established to identify and analyse the risks to which the Company may be exposed. The purpose of the risk management policies is to establish appropriate risk limit controls for the Company's risks, to monitor risks and to adhere to limits. Through various training and management standards and processes, the Company helps all employees understand their roles and responsibilities by creating a disciplined and constructive control environment.

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4 Financial risk management (continued)

Credit risk

The Company's core business is to conduct factoring transactions for firms operating in sectors characterised by a high level of expertise, within the limits set out in the "Credit and Risk Monitoring Regulation".

Policies relating to credit risk are detailed in the "Credit and Risk Monitoring Regulation", and practices within the Company are conducted in accordance with this regulation. The Risk Committee regularly reviews the Company's credit risk strategy and key credit risk policies. The aim of this strategy is to reflect the Company's tolerance level regarding credit risk and the profit level it expects to achieve in return for the various credit risks it assumes.

Furthermore, the Company ensures that the sectoral distribution of the portfolio remains balanced. All transactions are carried out by the Operations Unit. Branch offices do not have the authority to execute transactions or make payments.

Liquidity risk

The Company generally generates funds by converting its short-term financial instruments into cash; for example, by collecting receivables and converting bank deposits into cash.

Liquidity risk arises during the financing of the Company's operations. This risk encompasses both the risk of the Company being unable to finance its assets at appropriate maturities and rates, and the risk of being unable to convert an asset into a liquid form at a fair price and within a suitable timeframe. The Company meets its funding requirements through banks. It continuously assesses liquidity risk by identifying and monitoring changes in the funding sources necessary to achieve its objectives.

Market risk

Market risk is the risk that changes in the money markets—such as exchange rates, interest rates, or the prices of instruments traded in securities markets—will cause a change in the Company's income or the value of its financial assets. Market risk management aims to optimise risk-return while controlling exposure to market risk within acceptable limits.

Exchange rate risk

The Company is exposed to exchange rate risk due to its foreign currency-denominated factoring activities, bank balances and loans taken out.

As at 31 December 2025, the Company had no foreign currency-indexed loans (31 December 2024: None).

Interest rate risk

The Company's operations are exposed to the risk of changes in interest rates when interest-bearing assets and liabilities mature or are repriced at different times or in different amounts. Taking into account market interest rates consistent with the Company's core strategies, risk management activities aim to maximise net interest income.

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5 Cash and cash equivalents

The details of cash and cash equivalents as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		31 December 2024	
	TP	YP	TP	YP
Cash and effective deposit	8	-	4	-
Demand deposits	12.284	36.748	9.303	8.783
Term deposits	839.051	-	568.352	-
Total cash and cash equivalents	851.343	36.748	577.659	8.783
Restricted amount	(750.972)	-	(519.699)	-
Accrued interest on term deposits	(78)	-	(53)	-
Cash and cash equivalents	100.293	36.748	57.907	8.783

As at 31 December 2025, of the 839.051 TL held in term deposits, 750.972 TL serves as collateral for funds raised from money markets and is therefore blocked (As at 31 December 2024, there was a term deposit of 519.699 TL, the entirety of which was blocked as collateral for financing obtained from money markets).

The details of term deposits as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		31 December 2024	
	Amount	Interest rate (%)	Amount	Interest rate (%)
Term deposits (TP)	839.051	31,50 – 37,78	568.352	38,00-43,00
Total	839.051		568,352	

6 Factoring receivables

The details of the Company's factoring transactions as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		31 December 2024	
	TP	YP	TP	YP
Discounted factoring receivables (net)	5,842,320	725,010	3,564,995	565,783
Other factoring receivables	7,992,720	3,063,863	5,145,714	565,273
Total	13,835,040	3,788,873	8,710,709	1,131,056

As at 31 December 2025, the total value of the promissory notes and mortgages received by the Company as security against its factoring receivables was 500.951.072 TL (31 December 2024: 309.491.560 TL) (Note 28).

Maturity Breakdown	31 December 2025		31 December 2024	
	TP	YP	TP	YP
Less than 3 months	11.332.804		6.846.272	
3-12 months	6.348.114		2.841.916	
1-5-year term				180.313
End-of-period balance	17.680.918		9.688.501	

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As at 31 December 2025 and 31 December 2024, the sectoral breakdown of factoring receivables and receivables under collection is as follows:

	31 December 2025	%	31 December 2024	%
Construction	4.869.041	%27,54	3.167.686	%32,10
Communications	4.064.471	%22,99	1.948.643	%19,75
Factoring companies	1.131.572	%6,4	863.013	%8,75
Textile industry	1.325.328	%7,5	859.883	%8,71
Cultural, entertainment and sporting activities	271.126	%1,53	465.857	%4,72
Motor vehicles	441.125	%2,49	458.512	%4,65
Extraction of non-energy minerals	81.202	%0,46	246.456	%2,50
Research, consultancy, advertising and other Activities	572.23	%3,24	233.663	%2,37
Food and beverage industry	47.195	%0,27	167.098	%1,69
Primary metal industry	45.821	%0,26	136.625	%1,38
Garment industry	184.855	%1,05	117.506	%1,19
Electricity, gas and water supply	1.149.891	%6,5	108.867	%1,10
Processed metal products industry	343.983	%1,95	108.635	%1,10
Machinery and equipment	178.406	%1,01	75.713	%0,77
Sewage and waste management, public health and similar activities	1.075.130	%6,08	73.869	%0,75
Health and social services	275.021	%1,56	62.886	%0,64
Manufacture of paper pulp and paper products	92.422	%0,52	62.216	%0,63
Hotels	113.437	%0,64	54.735	%0,55
Plastic product manufacturing	44.382	%0,25	51.445	%0,52
Electrical machinery and equipment not elsewhere classified	56.429	%0,32	48.08	%0,49
machinery and equipment				
Road freight transport	36.575	%0,21	44.577	%0,45
Animal products	278.834	%1,58	38.883	%0,39
Extraction of energy-producing minerals	51.501	%0,29	29.188	%0,30
Motor vehicle spare parts and accessories	2.672	%0,02	21.12	%0,21
Petroleum refinery products	43.943	%0,25	18.295	%0,19
Timber and forestry products and related activities	96.077	%0,54	15.521	%0,16
Tiles, floor tiles, marble and flagstones	58.789	%0,33	14.224	%0,14
Medicines	33.668	%0,19	13.823	%0,14
Chemicals and chemical products industry	113.724	%0,64	13.547	%0,14
Plant products	33.611	%0,19	10.18	%0,10
Furniture industry	29.083	%0,16	7.386	%0,07
Electric and non-electric household appliances	51.534	%0,29	4.989	%0,05
Other manufacturing industries	63.065	%0,36	177	%0,00
Other	424.775	%2,4	325.203	%3,30
Total	17.680.918	%100,00	9.868.501	%100,00

Factoring transactions by type are as follows:

	31 December 2025	31 December 2024
Domestic recourse	11.665.899	7.482.601
Domestic non-recourse	2.968.490	1.952.377
Foreign recoverable	2.838.506	312.312
Non-recourse foreign debt	208.023	121.211
	17.680.918	9.868.501

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The Company's movements in tangible fixed assets are as follows:

	Machinery and equipment	Furniture and fixtures	Special costs	Assets with usage rights	Assets Right with usage rights	Total
Cost						
Opening balance 1 January 2025	9.593	461	654	7.835	4.242	22.785
Purchases	2.260	-	-	2.081	6.931	11.272
Outputs	(39)	-	-	(3.195)	(4.242)	(7.476)
Closing balance as at 31 December 2025	11.814	461	654	6.721	6.931	26.581
Accumulated Depreciation						
Opening balance 1 January 2025	(4.776)	(390)	(570)	(3.649)	(2.915)	(12.300)
Period expenses	(2.003)	(3)	(35)	(3.241)	(6.071)	(11.353)
Outflows	36	-	-	3.195	4.242	7.473
Closing balance 31 December 2025	(6.743)	(393)	(605)	(3.695)	(4.744)	(16.180)
Net book value	5.071	68	49	3.026	2.187	10.401
Cost						
Opening balance 1 January 2024	7.399	441	654	4.737	4.128	17.359
Purchases	2.225	20	-	4.332	6.338	12.915
Outflows	(31)	-	-	(1.234)	(6.224)	(7.489)
Closing balance as at 31 December 2024	9.593	461	654	7.835	4.242	22.785
Accumulated depreciation						
Opening balance 1 January 2024	(3.261)	(386)	(534)	(2.392)	(3.524)	(10.097)
Period expenses	(1.527)	(4)	(36)	(2.491)	(3.458)	(7.516)
Outflows	12	-	-	1.234	4.067	5.313
Closing balance as at 31 December 2024	(4.776)	(390)	(570)	(3.649)	(2.915)	(12.300)
Net book value	4.817	71	84	4.186	1.327	10.485

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8 Intangible fixed assets

The Company's movements in intangible fixed assets are as follows:

Cost	Computer software	Other	Total
Opening balance 1 January 2025	13,430	9,026	22,456
Purchases	9,808	5,364	15,172
Closing balance 31 December 2025	23,238	14,390	37,628

Accrued redemption shares	Computer software	Other	Total
Opening balance 1 January 2025	(3,065)	(1,874)	(4,939)
Expenses for the period	(1,901)	(1,161)	(3,062)
Closing balance 31 December 2025	(4,966)	(3,035)	(8,001)

Net Book Value	Computer software	Other	Total
	18,272	11,355	29,627

Cost	Computer software	Other	Total
Opening balance 1 January 2024	7,054	2,337	9,391
Purchases	6,376	6,689	13,065
Closing balance 31 December 2024	13,430	9,026	22,456

Accrued redemption shares	Computer software	Other	Total
Opening balance 1 January 2024	(2,066)	(1,058)	(3,124)
Expenses for the period	(999)	(816)	(1,815)
Closing balance 31 December 2024	(3,065)	(1,874)	(4,939)

Net Book Value	Computer software	Other	Total
	10,365	7,152	17,517

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9 Deferred tax assets and liabilities

The Company calculates and accounts for deferred tax in accordance with the provisions of the "Turkish Accounting Standard on Income Taxes" ("TAS 12") for taxable temporary differences arising between the carrying amount of an asset or liability and its tax base as determined under tax legislation. In calculating deferred tax, the statutory tax rates in force as at the balance sheet date in accordance with current tax legislation are used.

In calculating deferred tax, the Company takes into account the periods in which deferred tax assets are realised or deferred tax liabilities are settled (31 December 2024: 30%).

The effects of accumulated temporary differences subject to deferred tax, and deferred tax assets and liabilities, are summarised below using the applicable tax rates:

	31 December 2025		31 December 2024	
	Accumulated temporary differences	Deferred tax Assets / liabilities	Accumulated temporary differences	Deferred tax Assets / liabilities
Unrealised interest income	449.469	134.841	318.492	95.547
Inflation adjustment – Net book value	-	-	9.464	2.840
Premium equivalent	30.429	9.128	15.032	4.510
Provisions - General provision	-	-	12.474	3.742
Provision for seniority and leave	13.681	4.104	7.869	2.361
Legal proceedings	1.500	450	1.488	446
Provision for doubtful debts	-	-	-	-
Total	495.079	148.523	364.819	109.446
Provision for doubtful debts	33.351	10.005	26.736	8.021
Difference in the tax base of difference in the tax base of assets	2.556	767	1.116	335
Impact of IFRS 16	190	57	683	204
Total	36.097	10.829	28.535	8.560
Deferred tax asset / (liability), net	458.892	137.694	336.284	100.886

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9 Deferred tax assets and liabilities (continued)

Deferred tax assets are recognised where it is highly probable that future taxable profits will be available against which temporary differences and accumulated losses can be utilised. In determining the amount of deferred tax assets to be recognised, significant estimates and assessments regarding future taxable profits must be made. Future taxable profits and the amount of potential future tax benefits are based on the medium-term business plan prepared by Management and subsequent forecasts. The business plan is based on Management's expectations, which are considered reasonable under the prevailing conditions.

The movements in the deferred tax asset for the financial years ending 31 December 2025 and 31 December 2024 are as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Opening balance	100.886	45.290
Deferred tax income / (expense)	36.809	55.596
Closing balance at the end of the period	137.694	100.886

10 Other assets

As at 31 December 2025 and 31 December 2024, the details of the Company's other assets are as follows:

	31 December 2025		31 December 2024	
	TP	YP	TP	YP
Customer BSMV receivables	79,898	3,928	45.909	3.414
Prepaid expenses (*)	27.824	1.077	22.657	2.564
Other	79	-	72	-
Total	107.800	5.005	68.638	5.978

(*)Prepaid expenses consist of advertising expenses, insurance expenses, statutory fees and contributions, letter of guarantee commission expenses and commission expenses.

11 Non-current assets held for sale and relating to discontinued operations

As at 31 December 2025 and 31 December 2024, following legal proceedings conducted in relation to receivables held for sale and those in arrears, the details of the properties included in the Company's assets are as follows:

	31 December 2025		31 December 2024	
	TP	YP	TP	YP
Assets held for sale	212	-	663	-
Total	212	-	663	-

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12 Loans taken out

The details of the Company's loans as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		31 December 2024	
	TP	Foreign Currency	TP	YP
Loans received	11.716.024	3.474.645	7.653.307	1.032.798
Total	11.716.024	3.474.645	7.653.307	1.032.798

The maturity breakdown of the Company's loans as at 31 December 2025 and 31 December 2024 is as follows:

Distribution of loans by maturity	31 December 2025	31 December 2024
Maturity of less than 1 year	14.829.854	8.686.105
Maturity over 1 year	360.815	-
Total	15.190.669	8.686.105

Short-term financial liabilities	31 December 2025	31 December 2024
Short-term secured domestic bank loans (*)	10.195.534	6.653.574
Short-term unsecured domestic bank loans	2.917.903	1.221.050
Short-term unsecured foreign bank loans	1.716.417	811.481
Long-term unsecured foreign bank loans	360.815	-
Total	15.190.669	8.686.105

(*) Collateral provided for short-term secured domestic bank loans consists of letters of guarantee issued to Takasbank A.Ş. and cash blocks.

Currency	Maturity	Interest Type	31 December 2025			31 December 2024		
			Interest rate	Principal	TL	Interest rate	Original amount	TL
TL	2026	Fixed	%40,75- %37,30	11.716.024	11.716.024	%50,75-%48,00	7.653.307	7.653.307
Euro	2026	Fixed	%8,53-%4,10	22.012	1.106.927	%8,00-%6,85	3.576	498.728
US Dollar	2026	Fixed	%8,00-%6,50	55.261	2.367.718	%8,50-%8,00	15.138	534.07
Total					15.190.669			8.686.105

The movements in the Company's financial liabilities arising from loans taken out during the financial periods ending 31 December 2025 and 31 December 2024 are as follows:

	2025	2024
Opening balance – 1 January	8.686.105	5.491.402
Loans taken out during the period	151.819.567	69.056.144
Loans repaid during the period (-)	(145.504.641)	(66.079.490)
Accruals relating to interest and exchange rate differences	189.638	218.049
End of period – 31 December	15.190.669	8.686.105

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13 Liabilities from factoring transactions

The details of the Company's liabilities arising from factoring transactions as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		31 December 2024	
	TP	YP	TP	YP
Recoverable	21.568	19	32.633	-
Non-recourse	115	2	623	-
Total	21.683	21	33.256	-

14 Securities issued

None (2024: None).

15 Provisions

The details of the Company's provisions as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		31 December 2024	
	TP	YP	TP	YP
Premium equivalent	30.429	-	15.032	-
General provisions ⁽¹⁾	-	-	12.474	-
Provision for severance pay	10.693	-	5.834	-
Leave entitlement	2.988	-	2.035	-
Other provisions ⁽²⁾	1.500	-	1.488	-
Total	45.610	-	36.863	-

⁽¹⁾ As a result of the reassessment of collectability under the restructuring agreement entered into for certain finance lease receivables of the Company that had not suffered impairment in 2024, a general provision of 12.474 TL was set aside. This provision was reversed during the current period.

⁽²⁾ As at 31 December 2025, the Company's other provisions in the amount of 1.500 TL consist entirely of provisions for legal proceedings (31 December 2024: 1.488 TL).

The movements in the severance pay provision for the financial periods ending 31 December 2025 and 31 December 2024 are as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Opening balance, 1 January	5.834	4.123
Service cost	757	622
Interest cost	1.576	1.089
Payments during the period	(3.012)	-
Actuarial (loss)/gain	5.538	-
Year-end, 31 December	10.693	5.834

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15 Provisions (continued)

Seniority severance pay sensitivity analysis

The valuation results will vary depending on the assumptions used. Below, the sensitivity of the defined benefit liability relating to past service to these assumptions is examined as at 31 December 2025.

If the discount rate is increased by 0.5% annually, the defined benefit liability decreases by 5.3%.

- If the discount rate is reduced by 0.5% annually, the defined benefit liability increases by 5.7%.
- If the annual inflation rate is increased by 0.5%, the defined benefit liability increases by 5.9%.
- If the annual inflation rate is reduced by 0.5%, the defined benefit liability decreases by 5.6%.

The movements in the provision for unused leave for the financial periods ending on 31 December 2025 and 31 December 2024 are as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance, 1 January	2.035	1.225
Calculated during the period	1.331	2.019
Cancelled	(378)	(1.209)
End of period, 31 December	2.988	2.035

The staff bonus provisions are as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Start of the period: 1 January	15.032	10.907
Paid during the period	(18.012)	(9.116)
Accrued during the period	33.409	13.241
At the end of the period, 31 December	30.429	15.032

The movements in other provisions (provisions for staff litigation) for the financial periods ending on 31 December 2025 and 31 December 2024 are as follows:

	1 January - 31 December 2025	1 January - 31 December 2024
Opening balance 1 January	1.488	90
Additional provision during the period	1.203	1.405
Provision written off during the period (-)	(1.191)	(7)
End of period 31 December	1.500	1.488

16 Current tax asset/liability

The Company has no current tax asset (31 December 2024: None). The Company's current tax liability is 171.229 TL (31 December 2024: 93.249 TL).

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17 Other liabilities

The details of the Company's other liabilities as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		31 December 2024	
	TP	YP	TP	YP
Taxes payable	58.612	-	50.174	-
Unrealised commission and expense income	10.040	18.835	1.777	5.937
Payables to staff	286	-	294	-
Other purchase liabilities (*)	5.282	459	12.803	-
Total	74.220	19.294	65.048	5.937

(*) Other purchase liabilities include staff expenses payable, invoices and bank suspense account balances.

18 Equity

Paid-up capital

As at 31 December 2025, the Company's nominal capital was 1.246.000 TL (31 December 2024: 246.000 TL) and consists of 1.246.000 shares (31 December 2024: 246.000 shares) with a par value of 1 TL each, all of which have been paid up.

The Company's shareholders and shareholding structure as at 31 December 2025 and 31 December 2024 are as follows:

Shareholding	31 December 2025		31 December 2024	
	Amount	(%)	Amount	(%)
Türkiye Halkbank A.Ş.	1.246.000	100.00	246.000	100.00
Paid-up capital	1.246.000	100.00	246.000	100.00

The Company has no preference shares representing its capital. On 27 August 2025, the Company carried out a cash capital increase of 1 billion TL, raising its paid-up capital from 246.000 TL to 1.246.000 TL. (31 December 2024: None).

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20 Finance costs

The breakdown of the Company's finance costs for the financial periods ending 31 December 2025 and 31 December 2024 is as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Interest on loans	3.949.295	2.898.666
Fees and commissions paid	90.359	58.598
Other interest expenses	2.541	1.233
Total	4.042.195	2.958.497

21 Operating expenses

The breakdown of general administrative expenses for the financial periods ending on 31 December 2025 and 31 December 2024 is as follows:

	1 January –31 December 2025	1 January –31 December 2024
Staff costs	197.222	121.393
Advertising and publicity expenses	48.138	27.672
Depreciation expenses	14.415	9.331
External services and benefits	7.277	6.104
IT expenses	5.214	3.913
Subscription and membership fees	5.731	3.614
Taxes, duties and fees	6.336	3.371
Vehicle expenses	3.936	2.046
Office expenses	2.747	2.046
Expenses relating to severance pay	2.333	1.711
Entertainment and hospitality expenses	2.419	1.665
Communication expenses	1.144	708
Stationery and printing costs	545	283
Travel and accommodation expenses	289	151
Notary fees	353	97
Maintenance and repair costs	554	34
Other	40.849	17.558
Total	339.502	201.697

The details of the Company's operating expenses for the financial periods ending on 31 December 2025 and 31 December 2024 are as follows:

	1 January –31 December 2025	1 January –31 December 2024
Salaries and wages	123.138	75.877
Employer's contribution to the Social Security Institution	28.203	16.810
Staff insurance costs	13.919	11.390
Bonus payments	22.004	9.695
Other	9.958	7.621
Total	197.222	121.393

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22 Other operating income

The breakdown of the Company's other operating income for the financial periods ending 31 December 2025 and 31 December 2024 is as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Foreign exchange trading profit	303.725	376.946
Interest received from banks	259.260	186.318
Income from recoveries on provisions for doubtful debts (Note 6)*	12.836	5.989
Other	31.103	12.313
Total	606.924	581.566

(*) Of the collection revenues from provisions for receivables under collection amounting to 12.836 TL, 6.581 TL consists of collection revenues from companies listed on the balance sheet; 6.255 TL consists of collection revenues from companies removed from the register.

23 Provision expenses

The breakdown of provision expenses for the financial periods ending on 31 December 2025 and 31 December 2024 is as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Provision expenses (Note 6)	(110.235)	(86.119)
General provisions ⁽¹⁾	-	(12.474)
Total	(110.235)	(98.593)

(1) As a result of the reassessment of collectability under the restructuring agreement drawn up for certain finance lease receivables of the Company that had not suffered impairment in 2024, a general provision of 12.474 TL was set aside. This provision was reversed during the current period.

24 Other operating expenses

The breakdown of other operating expenses for the financial periods ending 31 December 2025 and 31 December 2024 is as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Foreign exchange loss	(255.402)	(368.892)
Other	(5.507)	(1.630)
Total	(260.909)	(370.522)

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25 Tax expenses

The breakdown of the Company's tax expenses for the financial years ending 31 December 2025 and 31 December 2024 is as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
Profit before tax	1.443.777	999.128
Corporation tax rate	30	30
Tax amount before deductions and additions	433.133	299.738
Deductions	(474436)	(260.957)
Additions	1.058.094	753.099
Total income tax recognised in the income statement	(439.555)	(301.373)

The effective tax rate calculated after additions and deductions is 32.99%.

The tax expenses included in the income statement for the financial periods ending 31 December 2025 and 31 December 2024 are summarised below:

	1 January – 31 December 2025	1 January – 31 December 2024
Profit before tax	1.443.777	999.128
Current period corporate tax provision expense	(476.364)	(356.969)
Deferred tax income/(expense)	36.809	55.596
Total income tax recognised in the income statement	(439.555)	(301.373)

26 Earnings per share

In accordance with IAS 33 "Earnings per Share", companies whose shares are not traded on a stock exchange are not required to disclose earnings per share. As the Company's shares are not traded on a stock exchange, earnings per share have not been calculated in the accompanying financial statements.

27 Related parties

The details of the Company's receivables and payables with related parties as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025	31 December 2024
<u>Bank deposits</u>		
T. Halk Bank A.Ş.	110.853	35.419
<u>Bank loans</u>		
T. Halk Bank A.Ş.	2.200.368	693.193
Halkbank A.D. (Belgrade)	360.815	223.125

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Related parties (continued)

Revenues and expenses arising from transactions with related parties during the financial periods ending 31 December 2025 and 31 December 2024 are as follows:

	1 January – 31 December 2025	1 January – 31 December 2024
<u>Interest Income from Related Entities</u>		
T. Halk Bank A.Ş.	8.665	1.905
<u>Interest Expense Paid to Related Entities</u>		
T. Halk Bank A.Ş.	175.497	282.185
HalkBank A.D. (Belgrade)	18.363	11.234
<u>Other Expenses Paid to Related Entities</u>		
T. Halk Bank A.Ş.	8.430	2.282
HalkBank A.D. (Belgrade)	459	209
Halk Investment Securities Inc. (HALK YATIRIM MENKUL DEĞERLER A.Ş.)	30	-

Total remuneration and benefits for senior management:

The total amount of remuneration and similar benefits provided by the Company to the board of directors and senior management during the financial year ending 31 December 2025 was 24.739 TL (31 December 2024: 18,117 TL).

Contingent assets and liabilities

Collateral received

As at 31 December 2025 and 31 December 2024, the collateral received against factoring receivables is as follows

	31 December 2025		31 December 2024	
	TP	Foreign Currency	TP	YP
Guarantee notes	383.173.007	104.179,323	244.393.704	61.486.907
Mortgages received	13.020.039	578.417	3.610.676	-
Guarantee letters received	211	75	211	62
Total	396.193.257	104.757.815	248.004.591	61.486.969

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28 Contingent assets and liabilities (continued)

Guarantees provided

As at 31 December 2025 and 31 December 2024, the guarantees provided consist of guarantee certificates issued to the following entities:

	31 December 2025		31 December 2024	
	TP	YP	TP	YP
Takasbank collateral	10.979.811	413.209	7.420.021	-
Collateral provided to the court for legal proceedings	10.868	-	7.713	-
Total	10.990.679	413.209	7.427.734	-

Custodial assets

The details of assets held in trust as at 31 December 2025 and 31 December 2024 are as follows:

	31 December 2025		31 December 2024	
	TP	YP	TP	YP
Customer cheques	9.705.286	759.845	6.077.672	697.874
Customer promissory notes	2.447.300	113.414	848.363	85.194
Total	12.152.585	873.259	6.926.035	783.068

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29 The nature and level of risks arising from financial instruments

Credit risk

The sectoral breakdown of factoring receivables as at 31 December 2025 and 31 December 2024 is presented in Note 6. As at the end of the reporting period, the Company's credit risk was not concentrated in any particular sector.

	Factoring receivables	
	Related Party	Other Parties
31 December 2025		
Maximum credit risk exposure as at the reporting date ^(*)	-	17.680.918
- The portion of the maximum risk secured by collateral, etc.	-	17.680.918
A. Net carrying amount of financial assets that are neither past due nor impaired	-	15.800.472
- Portion secured by collateral, etc.	-	15.800.472
- General provision	-	-
B. Financial assets for which the terms have been renegotiated, otherwise the carrying amount of financial assets that would otherwise be considered past due or impaired	-	1.823.441
- The portion secured by collateral, etc.	-	-
C. The net book value of assets that are past due but have not suffered a decline in value	-	-
- The portion secured by collateral, etc.	-	-
D. Net carrying amounts of impaired assets	-	-
- Past due (gross carrying amount)	-	281.897
- Impairment (-)	-	(224.892)
- The portion of net value secured by collateral, etc. (**)	-	57.005
- Not yet due (gross book value)	-	-
- Impairment (-)	-	-
- The portion of the net value secured by collateral, etc.	-	-
E. Items involving credit risk not included in the balance sheet	-	-
		888.091
		888.091

^(*) In determining the amounts, factors that enhance creditworthiness, such as collateral received, have not been taken into account.

^(**) The amount includes the collateral amounts of assets that have suffered impairment due to past due balances.

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29 The nature and level of risks arising from financial instruments (continued)
Credit risk (continued)

	Factoring receivables	
	Related party	Other party
31 December 2024		
Maximum credit risk exposure as at the reporting date ^(*)	-	9.868.501
- The portion of the maximum risk secured by collateral, etc.	-	9.868.501
A. Net carrying amount of financial assets that are neither past due nor impaired	-	9.381.131
- Portion secured by collateral, etc.	-	9.381.131
- General provision	-	(12.474)
B. Financial assets for which the terms have been renegotiated, otherwise would otherwise be considered past due or impaired	-	460.634
- The portion secured by collateral, etc.	-	-
C. The net book value of assets that are past due but have not suffered a decline in value	-	-
- The portion secured by collateral, etc.	-	-
D. Net carrying amounts of impaired assets	-	-
- Past due (gross carrying amount)	-	147.974
- Impairment (-)	-	(121.238)
- The portion of net value secured by collateral, etc. (**)	-	26.736
- Not yet due (gross book value)	-	-
- Impairment (-)	-	-
- The portion of the net value secured by collateral, etc.	-	-
E. Items involving credit risk not included in the balance sheet	-	-
		586.442
		586.442

^(*) In determining the amounts, factors that enhance creditworthiness, such as collateral received, have not been taken into account.

^(**) The amount includes the collateral amounts of assets that have incurred impairment due to past due balances.

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29 Nature and level of risks arising from financial instruments

Liquidity risk (continued)

The table below provides an analysis of the Company's financial liabilities, based on the remaining period until the contract's maturity date as at the reporting date, using appropriate maturity groupings. The cash outflow amounts specified in the table, in accordance with the contract/expected maturity, represent the discounted cash flows under the contract:

31 December 2025						
In accordance with the contract Maturities	Recorded Value	Cash outflow under the contract Total	From 3 months Short	3 months 1 year	1 year 5 years	Over 5 years
Non-derivative financial liabilities	15.310.056	15.689.700	13.054.286	2.635.414	-	-
Loans received	15.190.669	15.568.085	12.932.671	2.635.414	-	-
Factoring liabilities	21.704	21.704	21.704	-	-	-
Leasing liabilities from	4.169	6.397	6.397	-	-	-
Other liabilities	93.514	93.514	93.514	-	-	-

31 December 2024						
In accordance with the contract Maturities	Registered value	Total cash outflow under the contract	3 months Short	3 months 1 year	1 year 5 years	Over 5 years
Non-derivative financial liabilities	8.794.828	9.091.514	8.669.344	422.170	-	-
Loans received	8.686.105	8.980.955	8.558.785	422.170	-	-
Factoring liabilities	33.256	33.256	33.256	-	-	-
Leasing Liabilities from transactions	4.482	6.318	6.318	-	-	-
Other liabilities	70.985	70.985	70.985	-	-	-

Market risk

As at 31 December 2025 and 31 December 2024, the weighted average effective interest rates applied to financial instruments are as follows:

	2025				2024			
	TL	EUR	US Dollar	Other	TL	EUR	US Dollar	Other
Assets								
Factoring receivables	%40.49	%5.89	%7.93	-	%58.64	%9.51	%11.10	-
Liabilities								
Loans received	%49.18	%10.56	%11.97	-	%49.58	%6.37	-	-
Liabilities from leasing transactions	%39.00	-	-	-	%45.00	-	-	-

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29 Nature and level of risks arising from financial instruments

Market risk (continued)

As at 31 December 2025 and 31 December 2024, the Company's interest-rate-sensitive financial instruments are as follows:

Fixed-rate	31 December 2025	31 December 2024
<i>Financial assets</i>		
Factoring receivables (Net)	17.680.918	9.868.501
<i>Financial liabilities</i>		
Loans received	15.190.669	8.686.105
Factoring liabilities	21.704	33.256
Liabilities from leasing transactions	4.169	4.482

Interest rate risk sensitivity analysis

As at 31 December 2025, the Company has no variable-rate instruments (31 December 2024: None).

Foreign exchange risk

The Company's exposure to foreign exchange risk is determined by the difference between its assets denominated in or indexed to foreign currencies and its liabilities denominated in or indexed to foreign currencies. As at 31 December 2025, the Company held a net foreign currency position. Exchange rate gains and losses arising from foreign currency transactions were recognised in the accounts in the period in which the transaction took place. At the end of the period, the balances of foreign currency asset and liability accounts were converted into Turkish Lira (TL) using the closing exchange rates and the resulting exchange rate differences were recognised in the accounts as foreign exchange gains or losses.

The Turkish Lira equivalents of the foreign currency assets and liabilities held by the Company as at 31 December 2025 and 31 December 2024 are as follows:

31 December 2025	US Dollar	Euro	Other	Total
Cash and cash equivalents	1.069	35.532	147	36.748
Factoring receivables and receivables under collection	2.544.372	1.244.501	-	3.788.873
Other assets	3.467	1.538	-	5.005
Total foreign currency assets	2.548.908	1.281.571	147	3.830.626
Loans received	2.367.718	1.106.927	-	3.474.645
Other liabilities	5.604	13.690	-	19.294
Factoring liabilities	10	11	-	21
Total foreign currency liabilities	2.373.332	1.120.628	-	3.493.960
Balance sheet position	175.576	160.943	147	336.666
Off-balance sheet position	-	-	-	-
Net foreign currency position	175.576	160.943	147	336.666
31 December 2024	ABD Doları	Avro	Diğer	Toplam
Cash and cash equivalents	3.936	4.237	610	8.783
Factoring receivables and receivables under collection	560.537	570.482	37	1.131.056
Other assets	5.719	259	-	5.978
Total foreign currency assets	570.192	574.978	647	1.145.817
Loans received	534.071	498.727	-	1.032.798
Factoring liabilities	2.298	3.639	-	5.937
Other liabilities	-	-	-	-
Total foreign currency liabilities	536.369	502.366	-	1.038.735
Balance sheet position	33.823	72.612	647	107.082
Off-balance sheet position	-	-	-	-
Net foreign currency position	33.823	72.612	647	107.082

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Halk Factoring Joint Stock Company
For the Financial Year Ending 31 December 2025
Notes to the Financial Statements

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

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VE YEMİNLİ TERCÜMANLIK SAN. TIC. LTD. ŞTİ.
Atakent Mah. 221. Sok. Rota Office A Blok
No: 3/1 İç Kapı No: 17 K.Çekmece / İSTANBUL
Merkantül Sicil No: 271107
Ticaret Sicil No: 271107

29 Nature and level of risks arising from financial instruments

Foreign exchange risk (continued)

As a result of a 20 per cent depreciation of the Turkish Lira against the currencies listed below, the resulting decreases in the income statement (excluding the tax effect) for the financial periods ending on 31 December 2025 and 31 December 2024 are shown in the table below. This analysis has been prepared on the assumption that all other variables, particularly interest rates, remain constant. Should the Turkish Lira appreciate by 20 per cent against the relevant currencies, the effect would be in the opposite direction and of the same magnitude.

	1 January – 31 December 2025	1 January – 31 December 2024
US Dollar	35.115	6.765
Euro	32.189	14.522
Other	29	129
Total	67.333	21.416

Capital management

In its capital management, the Company aims to increase its profit by utilising the balance between debt and equity in the most efficient manner, whilst simultaneously striving to ensure the continuity of its operations. The Company's capital structure consists of debt and equity items, including issued capital, capital reserves and profit reserves, as disclosed in Note 18.

The Company's senior management assesses the risks associated with each class of capital, together with the cost of capital. During these reviews, senior management evaluates the risks associated with each class of capital alongside the cost of capital and submits those subject to the Board of Directors' decision to the Board for its consideration.

The Company's overall strategy remains unchanged from the previous period.

As at 31 December 2025 and 31 December 2024, the ratio of equity to debt is as follows:

	31 December 2025	31 December 2024
Total liabilities	15.212.373	8.719.361
Less: Cash and cash equivalents	888.091	586.442
Net debt	14.324.282	8.132.919
Total equity	3.332.853	1.734.169
Equity-to-debt ratio	%23	%21

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ÇİĞDEM MERCAN
Yeminli mütercim tercüman / Certified Translator
Tel: 0532 715 26 00

Halk Factoring Joint Stock Company
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Notes to the Financial Statements

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 VE YEMİNLİ TERCÜMANLIK SAN. TIC. LTD. ŞTİ.
 Atakent Mah. 221. Sok. Rota Office A Blok
 1. Kat Kat: 17 K. Çekmece / İSTANBUL
 Tic. Sic. No: 271100 / M. Sic. No: 271100
 V.D. 6160327624 Sicil No: 536107-0

29 Nature and level of risks arising from financial instruments

Fair value of financial instruments

These are presented by the company management at amortised cost using the effective interest method, including receivables from banks, factoring receivables and loans received. The fair value of loans received and factoring receivables has been calculated by discounting the future cash flows associated with these financial instruments to their present value using market interest rates prevailing at the balance sheet date.

Management anticipates that the fair values of financial assets and liabilities carried at cost, such as cash and cash equivalents, factoring liabilities, lease liabilities and other liabilities, are approximately equal to their carrying amounts due to their short-term nature.

The table below compares the carrying amounts and fair values of financial instruments in the financial statements:

31 December 2025				
	financial assets carried at amortised cost	Financial assets at fair value through other comprehen- sive income	Financial liabilities stated at amortised cost	The fair Value
Financial assets				
Cash and cash equivalents (Note 5)	888.091	-	-	888.091
Factoring receivables, net	17.680.918	-	-	17.680.918
Financial liabilities				
Loans received	-	-	15.190.669	15.190.669
Factoring liabilities	-	-	21.704	21.704
Liabilities from leasing transactions	-	-	4.169	4.169
Other liabilities	-	-	93.514	93.514
31 December 2024				
	financial assets carried at amortised cost	Financial assets at fair value through other comprehen- sive income	Financial liabilities stated at amortised cost	The fair Value
Financial assets				
Cash and cash equivalents (Note 5)	586.442	-	-	586.442
Factoring receivables, net	9.868.501	-	-	9.868.501
Financial liabilities				
Loans received	-	-	8.686.105	8.686.105
Factoring liabilities	-	-	33.256	33.256
Liabilities from leasing transactions	-	-	4.482	4.482
Other liabilities	-	-	70.985	70.985

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