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

December 31, 2024 Financial Statements for the Period
Ended December 31, 2024
and Independent Audit Report

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. **(KPMG Independent Audit and Independent Accountant Financial Consultancy Inc.)**
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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 2024 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 2024 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.

Key Audit Matters

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

Impairment of receivables from factoring transactions

Refer to Note 3.4 for details of accounting policies and significant accounting estimates and assumptions used for impairment of factoring receivables.

Key Audit Matter	***How the issue was addressed in the audit***
As of December 31, 2024, the company's factoring receivables constitute 93% of total assets. The Company recognizes factoring receivables and impairment of these receivables in accordance with the Regulation ("Regulation") on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings Finance Companies. The classification of receivables is based on the criteria listed in the Regulation. The detection of impairment of receivables within the scope of the said Regulation primarily depends on whether the classification of these receivables is made correctly or not. The criteria used for classification include both objective determinations and those that necessitate the exercise of judgment by management. Impairment of factoring receivables has been determined as a key audit matter due to the size of the factoring receivables when the financial statements are considered as a whole, the risk that the default status of factoring receivables will not be determined accurately and timely, and the risk that impaired factoring receivables and therefore impairment provision will not be determined due to significant management estimates and assumptions used in the calculation of impairment.	Our audit procedures in this area include the following: • The effectiveness of the design, implementation and operation of the controls established for credit allocation, utilization, collection, follow-up and impairment processes were evaluated and tested together with our information systems experts. • The process of identifying impaired factoring receivables, ensuring compliance with BRSA Accounting and Financial Reporting Legislation, and assessing the company's ability to collect involves the application of material verification procedures to selected factoring contracts and transactions using a sampling method. • The provision for impairment recognized for factoring receivables classified as non-performing receivables is tested to ensure that it is calculated in accordance with the Regulation. • The adequacy and appropriateness of the disclosures made in the financial statement footnotes regarding the impairment provisions for factoring receivables have been evaluated.

Matter of Attention

As explained in detail in Note 32, we draw attention to the following matters that may affect the Parent Bank (“the Bank”):

On October 15, 2019, the United States of America ("USA") District Attorney's Office for the Southern District of New York filed a criminal lawsuit against the Bank in the Southern District Court of New York ("District Court"), alleging violations of US sanctions against Iran. The criminal proceedings in the District Court have been paused due to the Bank's appeal under sovereign immunity. On reconsideration, the Second Circuit of the United States Court of Appeals (Second Appeal), by its decision of October 22, 2024, affirmed the decision of the District Court, rejecting the “Bank's” claim to immunity as a matter of common law. The Bank has declared that it will exercise all legal rights of appeal, including before the U.S. Supreme Court, in relation to the decision of the Second Court of Appeal dated October 22, 2024. On December 12, 2024, the Bank submitted a request to the Second Court of Appeal to stay the publication of the judgment. On December 18, 2024, the request was granted, and the Bank submitted a petition for a writ of certiorari to the U.S. Supreme Court, and the enforcement of the judgment has been stayed until a decision is rendered. The Bank is currently engaged in the process of filing a petition for a writ of certiorari with the US Supreme Court.

Additionally, on March 27, 2020, a group of claimants filed a civil lawsuit (Owens or conscious civil lawsuit) against the Bank before the District Court for damages. The claimants alleged that they could not collect their receivables from Iran due to sanctions violations. The case was dismissed, in order, by the District Court, the Second Circuit Court of Appeals, and the U.S. Supreme Court. As a result, the Owens case was finally closed on January 8, 2024.

Finally, on July 26, 2023, a group of plaintiffs filed a new civil action (the Hughes or second civil action) against the Bank, claiming damages in a similar manner to the Owens action, through a complaint filed with the District Court. In accordance with the District Court's decision of May 1, 2024, the Hughes case is on hold until there is a final decision in the criminal case against the Bank.

The Bank Management has stated that, at this stage, no penalties, compensation, sanctions, or measures arising from criminal and civil lawsuits have been imposed on the Bank. The issue of a decision by the US authorities that may adversely affect the Bank's financial position remains uncertain. No provision has been made for these matters in the Bank's financial statements. However, the issues explained above do not affect the conditional conclusion reported by us.

Other Matter

Another independent auditor checked the Company's financial statements for the year ending December 31, 2023. The auditor gave an positive opinion about those financial statements on March 14,2024.

Responsibilities of Management and Those in Charge of Governance for Financial Statements

The Company’s management is responsible for the preparation and fair presentation of these financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for implementing such internal controls as it deems necessary to ensure that the financial statements are free from material misstatement, whether due to fraud or error.Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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Independent Auditor's Responsibilities Regarding the Independent Audit of Financial Statements

In an independent audit, we, the independent auditors, have the following responsibilities:

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance provided as a result of an independent audit conducted in accordance with the ISAs is a high level of assurance; however, it does not guarantee that a material misstatement will always be detected. Inaccuracies may be the result of error or fraud. Misstatements are considered material if, either on their own or in total, they could reasonably be expected to influence the economic decisions of users based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also consider:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to error, as fraud can include collusion, dishonesty, willful neglect, misrepresentation or breach of internal control.

• Internal control relevant to the audit is evaluated not for the purpose of expressing an opinion on the effectiveness of the Company's internal control, but for the purpose of designing audit procedures appropriate to the situation.

•The appropriateness of the accounting policies used by management and the reasonableness of accounting estimates and related disclosures made by management are evaluated.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the independent auditor's report. However, future events or conditions may cause the Company to be unable to continue as a going concern.

• The presentation, structure, and content of the financial statements, including the disclosures, are evaluated to determine whether the financial statements accurately represent the underlying transactions and events.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

From the matters communicated to those charged with governance, we determine those matters that were of most significance in our audit of the financial statements of the current period, and are therefore key audit matters. In cases where the legislation does not permit disclosure of the matter, or in very exceptional circumstances where the adverse effects of disclosure are reasonably expected to outweigh the public interest, we may decide not to disclose the matter in our auditor's report."

A) 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, 2024 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 Anonymous Company
KPMG (Indepe
ndent 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

25 February 2025 İstanbul, Türkiye (Turkey)

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

ASSETS (Thousand TL)	Dipnot	PASSED INDEPENDENT AUDIT Current term			PASSED INDEPENDENT AUDIT Prior Term		
		31 DECEMBER 2024			31 DECEMBER 2023		
		TP	YP	Toplam	TP	YP	Toplam
ACTIVE ITEMS							
I. CASH, CASH EQUIVALENTS and CENTRE BANK	5	**577.659**	**8.783**	**586.442**	**258.797**	**4.826**	**263.623**
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)		**8.737.445**	**1.131.056**	**9.868.501**	**6.063.332**	**218.052**	**6.281.384**
5.1 Factoring Receivables	6	**8.710.709**	**1.131.056**	**9.841.765**	**6.043.408**	**218.052**	**6.261.460**
5.1.1 Discounted Factoring Receivables (Net)		3.564.995	565.783	4.130.778	1.846.495	-	1.846.495
5.1.2 Other Factoring Receivables		5.145.714	565.273	5.710.987	4.196.913	218.052	4.414.965
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	**147.974**	-	**147.974**	**61.032**	-	**61.032**
5.6 Provisions for Expected Losses/Special Provisions (-)		**(121.238)**	-	**(121.238)**	**(41.108)**	-	**(41.108)**
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	**10.485**	-	**10.485**	**7.262**	-	**7.262**
VIII. intangible non-current assets (Net)	8	**17.517**	-	**17.517**	**6.267**	-	**6.267**
IX. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X. CURRENT PERIOD TAX ASSET		-		-	-		-
XI. DEFERRED TAX ASSETS	9	**100.886**	-	**100.886**	**45.290**	-	**45.290**
XII. OTHER ASSETS	10	**68.637**	**5.978**	**74.615**	**32.106**	-	**32.106**
INTERMEDIATE TOTAL		**9.512.629**	**1.145.817**	**10.658.446**	**6.413.054**	**222.878**	**6.635.932**
XIII. ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	11	**663**	-	**663**	**663**	-	**663**
13.1 For Sale		663	-	663	663	-	663
13.2 Related to Discontinued Operations		-	-	-	-	-	-
TOTAL ASSETS		**9.513.292**	**1.145.817**	**10.659.109**	**6.413.717**	**222.878**	**6.636.595**

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

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

LIABILITIES (Thousand TL)	NOTE	Passed independent Audited Current Term			Passed independent Audited Prior Term		
		31 December 2024			31 December 2023		
		TP	YP	SUM	TP	YP	SUM
PASSIVE ITEMS							
I. LOANS RECEIVED	12	7.653.307	1.032.798	8.686.105	5.321.912	169.490	5.491.402
II. FACTORING PAYABLES	13	33.256	-	33.256	16.980	1	16.981
III. PAYABLES FROM LEASING TRANSACTIONS		4.482	-	4.482	2.600	-	2.600
IV. securities issued (Net)	14	-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
VII. PROVISIONS	15	36.863	-	36.863	16.819	-	16.819
7.1 Provision for Restructuring		-	-	-	-	-	-
7.2 Provision for Employee Benefits Liability		22.901	-	22.901	16.255	-	16.255
7.3 General Provisions		12.474	-	12.474	-	-	-
7.4 Other Provisions		1.488	-	1.488	564	-	564
VIII. CURRENT TAX LIABILITY	16	93.249	-	93.249	36.572	-	36.572
IX. DEFERRED TAX LIABILITY		-	-	-	-	-	-
X. SUBORDINATED DEBT INSTRUMENTS		-	-	-	-	-	-
XI. OTHER LIABILITIES	17	65.048	5.937	70.985	34.257	1.550	35.807
INTERMEDIATE TOTAL		7.886.205	1.038.735	8.924.940	5.429.140	171.041	5.600.181
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	1.734.169	-	1.734.169	1.036.414	-	1.036.414
13.1 Paid-in Capital		246.000	-	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	10	-	10
Comprehensive Income or Expenses		-	-	-	-	-	-
13.4 Other comprehensive income or expenses to be reclassified to profit or loss		790.404	-	790.404	289.992	-	289.992
13.5 Profit Reserves		64.177	-	64.177	40.304	-	40.304
13.5.1 Legal Reserves		-	-	-	-	-	-
13.5.2 Status Reserves		726.227	-	726.227	249.688	-	249.688
13.5.3 Extraordinary Reserves		-	-	-	-	-	-
13.5.4 Other Profit Reserves		697.755	-	697.755	500.412	-	500.412
13.6 Profit or Loss		-	-	-	-	-	-
13.6.1 Retained Earnings		697.755		697.755	500.412		500.412
13.6.2 Net Profit or Loss for the Period		9.620.374	1.038.735	10.659.109	6.465.554	171.041	6.636.595

Halk Faktoring Anonymous Company

Off-balance Sheet as of 31 December 2024

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

	OFF-BALANCE SHEET ITEMS	Note	Passed independent Audited Current Term			Passed independent Audited Prior Term		
			31 December 2024			31 December 2023		
			TP	YP	Toplam	TP	YP	Toplam
I.	RISK ASSUMED FACTORING TRANSACTIONS		**611.552**	**58.094**	**669.646**	**343.935**	**41.252**	**385.187**
II.	FACTORING TRANSACTIONS WHERE THE RISK IS NOT ASSUMED		**8.337.045**	**474.857**	**8.811.902**	**5.679.835**	**347.696**	**6.027.531**
III.	COLLATERALS RECEIVED		**248.004.591**	**61.486.969**	**309.491.560**	**139.711.231**	**69.482.215**	**209.193.446**
IV.	GUARANTEES GIVEN	**28**	**7.427.734**	**-**	**7.427.734**	**3.004.166**	**-**	**3.004.166**
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**	**6.926.035**	**783.068**	**7.709.103**	**2.508.824**	**179.191**	**2.688.015**
	OFF-BALANCE SHEET ACCOUNTS		**271.306.957**	**62.802.988**	**334.109.945**	**151.247.991**	**70.050.354**	**221.298.345**

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

Halk Faktoring Anonymous Company
As of December 31, 2024 Profit and Loss Statement

(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
		31 December 2024	31December2023
I. OPERATING INCOME	19	**4.046.871**	**1.883.175**
FACTORING INCOME		**4.046.871**	**1.883.175**
1.1 Interest on factoring receivables		3.852.816	1.564.755
1.1.1 Discounted		1.385.090	877.741
1.1.2 Other		2.467.726	687.014
1.2 Fees and commissions received from factoring receivables		194.055	318.420
1.2.1 Discounted		42.322	144.161
1.2.2 Other		151.733	174.259
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	**(2.958.497)**	**(1.016.711)**
2.1 Interest on used loans		(2.898.666)	(995.150)
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		(1.233)	(475)
2.6 Fees and commissions paid		(58.598)	(21.086)
III. GROSS PROFIT/LOSS (I+II)		**1.088.374**	**866.464**
IV. OPERATING EXPENSES (-)	21	**(201.697)**	**(115.023)**
4.1 Personnel Expenses		(121.393)	(66.414)
4.2 Provision for Employment Termination Benefits		(1.711)	(1.150)
4.3 Research and Development Expenses		-	-
4.4 General Operating Expenses		(63.061)	(34.669)
4.5 Other		(15.532)	(12.790)
V. GROSS OPERATING PROFIT/LOSS (III+IV)		**886.677**	**751.441**
VI. OTHER OPERATING INCOME	22	**581.566**	**377.859**
6.1 Interest received from banks		186.318	20.111
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		376.946	352.574
6.7 Other		18.302	5.174
VII. PROVISION EXPENSES	23	**(98.593)**	**(85.404)**
7.1 Special Provisions		(86.119)	(85.404)
7.2 Provisions for Expected Losses		-	-
7.3 General Provisions		(12.474)	-
7.4 Other		-	-
VIII. OTHER OPERATING EXPENSES (-)	24	**(370.522)**	**(351.196)**
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		(368.892)	(333.980)
8.6 Other		(1.630)	(17.216)
IX. NET OPERATING PROFIT/LOSS (V+...+VIII)		**999.128**	**692.700**
X. RECOGNISED AS INCOME AFTER THE MERGER			
		-	-
SURPLUS AMOUNT		-	-
XI. PROFIT/LOSS FROM ASSOCIATES APPLYING EQUITY METHOD		-	-
XII. NET MONETARY POSITION GAIN/LOSS		**999.128**	**692.700**
XIII. PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)	25	**(301.373)**	**(192.288)**
XIV. TAX PROVISION FROM CONTINUING OPERATIONS (±)		(356.969)	(215.248)
14.1 Current Tax Provision		(46.706)	(21.254)
14.2 Deferred Tax Expense Effect (+)		102.302	44.214
14.3 Deferred Tax Income Effect (-)		**697.755**	**500.412**
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)		**697.755**	**500.412**

The accompanying notes are an integral part of these financial statements

Halk Faktoring Anonymous Company
31 December 2024 Statement of Profit or Loss and Other Comprehensive Income
(Amounts expressed in thousands of Turkish Lira (‘TL’) unless

	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**Audited Current Period 1 January - 31 December 2024**	**Audite d Prior Period 1 January - 31 December 2023**
I.	PROFIT/LOSS FOR THE PERIOD	**697.755**	**500.412**
II.	OTHER COMPREHENSIVE INCOME		
2.1	Items not to be reclassified to profit or loss	-	-
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	-	-
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)	-	-
XXIII.	TOTAL PROFIT/(LOSS) RECOGNISED FOR THE PERIOD	**697.755**	**500.412**

The accompanying footnotes are integral parts of these financial statements.

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

	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						
			Paid-in Capital	*Share Premiums*	**Gain on cancellation of share certificates**	**Diğer Sermaye Yedekleri**	**1**	**2**	**3**	**4**	**5**	**6**	**Profit Reserves**	**Prior Period / Profit / (Loss)**	**Period Net Profit or Loss**	**Total Equity**
	Audited Prior Period															
I.	1 January - 31 December 2023		**246.000**	-	-	-	-	**10**	-	-	-	-	**126.480**	-	**163.512**	**536.002**
II.	Balance at the beginning of the period	**18**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Adjustments in accordance with TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Effect of Changes in Accounting Policies		**246.000**	-	-	-	-	**10**	-	-	-	-	**126.480**	-	**163.512**	**536.002**
IV.	III. New Balance (I+II)		-	-	-	-	-	-	-	-	-	-	-	-	**500.412**	**500.412**
V.	Total Comprehensive Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase Realised in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Increase Realised from Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Increase / Decrease Due to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	163.512	(163.512)	-	-
11.3	Amounts Transferred to Reserves		-	-	-	-	-	-	-	-	-	-	-	163.512	(163.512)	-
	Other		**246.000**	-	-	-	-	**10**	-	-	-	-	**289.992**	-	**500.412**	**1.036.414**
	Audited Current Period															
I.	1 January - 31 December 2024	**18**	**246.000**	-	-	-	-	**10**	-	-	-	-	**289.992**	-	**500.412**	**1.036.414**
II.	Balance at the end of the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Adjustments in accordance with (TMS(TAS)) 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Effect of Changes in Accounting Policies	**18**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV.	New Balance (I+II)		**246.000**	-	-	-	-	**10**	-	-	-	-	**289.992**	-	**500.412**	**1.036.414**
V.	Total Comprehensive Income		-	-	-	-	-	-	-	-	-	-	-	-	**697.755**	**697.755**
VI.	Capital Increase Realised in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Increase Realised from Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Inflation Adjustment to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Increase / Decrease Due to Other Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	500.412	(500.412)	-	-
11.3	Amounts Transferred to Reserves		-	-	-	-	-	-	-	-	-	-	-	500.412	(500.412)	-
	Other	**18**	**246.000**	-	-	-	-	**10**	-	-	-	-	**790.404**	-	**697.755**	**1.734.169**

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 items 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 items 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, 2024 Statement of Cash Flows for the Period Ended December 31, 2024
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated)

			ONE THOUSAND TURKISH LIRA	
			Audited Prior Period	**Audited Prior Period**
		Dipnot	**1 January – 31 December 2024**	**1 January – 31 December 2023**
A.	CASH FLOWS FROM OPERATING ACTIVITIES			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		**1.000.623**	**579.973**
1.1.1	Interest Received/Lease Income		3.821.060	1.526.369
1.1.2	Interest paid/Lease Expenses		(2.681.850)	(894.015)
1.1.3	Dividends Received		-	-
1.1.4	Fees and Commissions Received		135.457	297.334
1.1.5	Other Earnings		205.054	21.703
1.1.6	Collections from Non-Performing Receivables Recognized as Loss	6, 22	5.989	4.960
1.1.7	Cash Payments to Personnel and Service Providers		(195.051)	(131.663)
1.1.8	Taxes Paid		(300.292)	(205.556)
1.1.9	Other		10.256	(39.159)
1.2	Changes in Operating Assets and Liabilities		**(3.900.350)**	**(2.614.202)**
1.2.1	Net (Increase) Decrease in Factoring Receivables		(3.641.533)	(2.672.381)
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		(312.152)	(22.278)
1.2.5	Net increase (decrease) in factoring payables		16.275	15.846
1.2.6	Net Increase (Decrease) in Lease Payables		1.882	1.916
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		35.178	62.695
I.	Net Cash Flow from Operating Activities		**(2.899.727)**	**(2.034.229)**
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	(12.915)	(11.093)
2.4	Movable and immovable assets disposed of		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			-
II.	Net cash flow from investing activities		**(23.804)**	**(11.093)**
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
3.1	Cash provided from loans and securities issued	12	69.056.144	35.944.046
3.2	Cash outflow from loans and securities issued	12	(66.079.490)	(33.811.867)
3.3	Issued Capital Instruments		-	-
3.4	Dividend Payments		-	-
3.5	Lease Related Payments		-	-
3.6	Other		-	(104.293)
III.	Net cash provided by financing activities		**2.976.654**	**2.027.886**
IV.	Effect of foreign currency translation differences on cash and cash equivalents		-	-
V.	Net increase in cash and cash equivalents		**53.123**	**(17.436)**
VI.	Cash and Cash Equivalents at the Beginning of the Period	5	**13.567**	**31.003**
VII.	Cash and Cash Equivalents at the End of the Period	5	**66.690**	**13.567**

The accompanying footnotes are integral parts of these financial statements.

Halk Faktoring Anonim Şirketi
December 31, 2024 Dividend Distribution Statement for the Period Ended December 31, 2024
(Currency: Thousands of Turkish Lira (TL))

		Independent Audit Passed Current Term (*) 31 December 2024	Independent Audit Passed Prior Term 31 December 2023
I.	DISTRIBUTION OF PROFIT FOR THE PERIOD(*)		
1.1	PROFIT FOR THE PERIOD	999.128	692.700
1.2	TAXES AND LEGAL LIABILITIES PAYABLE (-)	(301.373)	(192.288)
1.2.1	Corporate Tax (Income Tax)	(356.969)	(215.248)
1.2.2	Income Tax Deduction	-	-
1.2.3	Other Tax and Legal Liabilities	55.596	22.960
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	**697.755**	**500.412**
1.3	LOSS FOR PREVIOUS PERIODS (-)	-	-
1.4	FIRST LEGAL RESERVE (-)	32.108	23.873
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)]	**610.050**	**476.539**
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	-	476.539
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		-	-

(*) Profit distribution for 2024 will be decided at the General Assembly.

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

1 General Informations

Halk Faktoring (JSC) The Company was founded on June 6, 2012, with a focus on factoring and a wide range of financing transactions. Factoring, which is the company's field of activity, is a financing method that involves the sale of trade receivables of producers, distributors, and service companies to an intermediary organization (factor). In this method, the factor assumes responsibility for financing, following up on customer accounts, collecting receivables, and assuming the risk of non-collection.

The Company provides domestic and international factoring services and is a member of Factors Chain International ("FCI"), an organization of international factoring companies. The Company operates in accordance with the "Financial Leasing, Factoring and Financing Companies Law" published in the Official Gazette dated December 13, 2012 and numbered 28496 and the "Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring and Financing Companies" of the Banking Regulation and Supervision Agency ("BRSA").

As of December 31, 2024, the number of employees is 73 (December 31, 2023: 59).

Reşitpaşa Neighborhood, Eski Büyükdere Street No:14, Park Plaza, 13th Floor, 34398 Maslak-Sarıyer, ISTANBUL, TURKEY.

2 The basis for the presentation of financial statements

2.1 Applied accounting standarts

The Company has prepared its financial statements in accordance with the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing, and Savings Financing Companies" published in the Official Gazette No. 28861 on December 24, 2013, by the Banking Regulation and Supervision Agency ("BRSA"), the "Communiqué on the Uniform Chart of Accounts and Explanations to be Applied by Financial Leasing, Factoring, Financing, and Savings Financing Companies" published in the same Official Gazette on the same date, the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight, Accounting, and Auditing Standards Authority ("KGK"), and the related amendments, interpretations, regulations, communiqués, and circulars published by BRSA concerning accounting and reporting principles (collectively referred to as the "BRSA Accounting and Financial Reporting Legislation")

Within the scope of the "Regulation on Amendments to the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette on May 2, 2018 and numbered 30409, companies are given the right to allocate expected credit loss provision within the scope of TFRS 9, provided that they notify the BRSA.The effective date of the aforementioned amendment has been set as September 30, 2018.

The Company provides specific provisions for factoring receivables in accordance with the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published by BRSA in the Official Gazette dated December 24, 2013 and numbered 28861 and other regulations amending the related regulation. As in previous periods, the Company continues to recognize impairment provisions in accordance with the related legislation. The effect of TFRS 9 is not reflected in the financial statements.

2.2 Valuation principles

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

2.3 Functional and presentation currency

The accompanying financial statements are presented in TL, which is the functional currency of the Company. Unless otherwise stated, financial information presented in TL is rounded to the nearest thousand.

2 Basis of presentation of financial statements (continued)

2.4 Restatement of financial statements in Hyperinflationary periods

In accordance with the announcement made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying Turkish Financial Reporting Standards (TFRS) are required to present their financial statements for the annual reporting period ending on or after December 31, 2023. These statements must be adjusted for the effects of inflation in accordance with the accounting principles in TAS 29, Financial Reporting in Hyperinflationary Economies. In the same statement, it is stated that institutions or organizations authorized to regulate and supervise in their fields may determine different transition dates for the application of inflation accounting. In this context, the BRSA has determined the transition date of banks, financial leasing, factoring, financing, savings financing and asset management companies to the application of "TAS 29 Financial Reporting Standard in Hyperinflationary Economies" as January 1, 2025 with the board decision dated January 11, 2024 and numbered 10825. Therefore, inflation adjustment according to TAS 29 has not been applied in the financial statements as of December 31, 2024.

2.5 Accounting estimates

Preparing financial statements in accordance with BRSA Accounting and Financial Reporting Legislation requires management to make judgments, estimates, and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income, and expenses. It should be noted that actual results may differ from these estimates.

Estimates and assumptions are regularly reviewed. Changes to accounting estimates are recognized when they are revised and in later periods that are affected. The accounting estimates used to prepare the financial statements of the Company are as follows:

-Special provisions

- Deferred tax income/expense

- Tax provision

- Provisions for debts and expenses

2.6 Changes in accounting policies

Significant changes in accounting policies are applied retrospectively, and prior period financial statements are restated accordingly. There have been no changes in accounting policies in the current period

2.7 Comperative information and restatement of prior period financial statements

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

The Company has not made any restatements to the prior period financial statements in the current year.

2.8 Clarification

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

2 Basis of presentation of financial statements (continued)

2.9 Standards and amendments issued but not yet effective as of December 31, 2024:

Elimination of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, the International Accounting Standards Board ("IASB") amended IAS 21 with the aim of clarifying the following:

• when one currency can be converted into another currency; and

• how a company estimates the prevailing (spot) rate when a currency is not tradable.

The related amendments were issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") on June 5th 2024 and published in the same manner.

Currencies are considered exchangeable for an entity if, at the measurement date and for a particular reason, an entity is able to exchange one currency for another currency. However, if the currencies are not tradable for the company, the company is required to estimate a spot exchange rate.

When an entity estimates the spot exchange rate, its objective is only to ensure that the exchange rate reflects the rate that would prevail on the measurement date for regular transactions between market participants under current economic conditions. This amendment to the standard does not include specific requirements for estimating the spot exchange rate.

Therefore, when forecasting the spot exchange rate, a company can use

• an observable exchange rate that does not require adjustment; or

• another predictive technique.

Under the changes, entities will be required to provide new disclosures to help entities assess the impact of the estimated use of foreign exchange rates on the financial statements. These explanations may include:

• the nature and financial effects of currency non-exchangeability;

• the spot exchange rate used;

• the estimation process; and

• risks to which the company may be exposed due to the inability to settle the currency.Değişiklikler 1 Ocak 2025 ve sonrasında başlayan yıllık raporlama dönemleri için geçerlidir. Erken uygulamaya izin verilmektedir.

The company is exempt from exchangeability – Amendments to IAS 21, Changes in the Effects of Changes in Foreign Exchange Rates, evaluates the possible effects of these amendments on the financial statements.

2 Basis of presentation of financial statements (continued)

2.9 Standards and amendments have been published but are not yet effective as of December 31, 2024 (continued):

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (“IASB”) but not yet issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”)

IFRS 18 - Presentation and Disclosures in Financial Statements

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosures in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. It carries forward many of the provisions of IAS 1 without change.

The objective of IFRS 18 is to establish the requirements for the presentation and disclosure of information in general-purpose financial statements (financial statements) to provide relevant information that fairly reflects an entity's assets, liabilities, equity, income, and expenses.

IFRS 18 establishes three defined categories for income and expenses (operating, investing, and financing) to improve the structure of the income statement. It requires all entities to present newly defined subtotals, including operating profit.

IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, and will be applied retrospectively. Early application is allowed.

The Company is in the process of assessing the potential impact of adopting IFRS 18 on its financial statements.

Changes in the Classification and Measurement of Financial Instruments Değişiklikler - IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures standards

Classification of financial assets with contingent features

The amendments are not applicable to key credit exposures. They introduce an additional SPPI (principal and interest payment only) test to clarify the classification of financial assets with contingent features that are not directly related to a change in their cost. For example, if cash flows change depending on whether the borrower meets an ESG ("environmental, social, and governance") objective specified in the loan contract, the classification of this contingent financial asset would be based on the SPPI test. The SPPI test determines whether the asset should be recognized at amortized cost or at fair value.

Under the amendments, certain financial assets, including those with ESG-linked characteristics, may now meet the SPPI criterion, provided that their cash flows are not materially different from an identical financial asset without such a characteristic. However, companies will need to perform additional work to prove this, which will require judgment.

The amendments also include additional disclosures for all financial assets and financial liabilities with the following specific contingent characteristics:

- not directly related to a change in the underlying lending risks or costs; and

- not measured at fair value through profit or loss.

Reconciliation with electronic payments

A company that settles a trade payable using an electronic payment system generally derecognizes the trade payable on the settlement date. The amendments introduce an exception to derecognition for such financial liabilities. This exception applies if an entity derecognizes a trade payable before the settlement date if the entity uses an electronic payment system that meets all of the following criteria to leave it:

- it is not possible to withdraw, stop or cancel the payment order;

- lack of access to cash to be used for payment as a result of the payment instruction; and

- the settlement risk associated with the electronic payment system is insignificant.

2 Basis of presentation of financial statements (continued)

2.9 Standards, amendments and interpretations issued but not yet effective as at December 31, 2024 (continued):

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board ("IASB") but not yet issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") (continued)

Amendments to Classification and Measurement of Financial Instruments - IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (continued)

Other changes

Contractual instruments (CLIs) and non-recourse features

The amendments clarify the key features of contractual instruments and how they differ from financial assets with non-recourse features. The amendments also set out the factors that an entity should consider when assessing the cash flows that comprise its financial assets with non-recourse features (the "review" test).

Explanations on investments in equity instruments

The amendments will apply to all financial instruments measured at fair value through other comprehensive income ("FVTOCI"), with gains or losses recognized in other comprehensive income ("FVOCI"). Additional disclosures for investments in equity instruments recognized in other comprehensive income requires.

The amendments are effective for annual periods beginning on or after January 1, 2026. Separately from the amendments on the recognition and derecognition of financial assets and financial liabilities, entities are required to apply these amendments (including the related disclosure requirements to) may opt for early implementation.

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

IFRS 19 Subsidiaries that are not accountable to the public: Explanations

Subsidiaries of companies using IFRS Accounting Standards can significantly reduce their disclosures and focus more on the needs of users following the publication of IFRS 19.

A subsidiary may elect to apply the new standard in its consolidated, separate or individual financial statements if it meets the following criteria:

- lack of accountability to the public

- parent company to prepare consolidated financial statements in accordance with IFRS Accounting Standards.

A subsidiary that applies the reduced disclosure standards under IFRS 19 will fully comply with the recognition, measurement and presentation requirements of IFRSs, but will reduce disclosures and will be required to clearly and unambiguously state that it applies IFRS 19 in its statement of compliance with IFRS Accounting Standards.

The amendments are effective for annual periods beginning on or after January 1, 2027. Early application is allowed.

The Company is in the process of assessing the potential impact of adopting IFRS 19 on its financial statements.

2 Basis of presentation of financial statements (continued)

2.9 Standards, amendments and interpretations issued but not yet effective as at December 31, 2024 (continued):

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (“IASB”) but not yet issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) (continued)

Annual Improvements to IFRSs - Amendment 11 (continued):

The annual improvements process aims to improve the clarity and internal consistency of IFRS Accounting Standards. In July 2024, the IASB issued “Annual Improvements to IFRS Accounting Standards-11th Amendment” to make small amendments to five standards.

Transaction Price (Amendments to IFRS 9: Financial Instruments):

“Transaction price” in IFRS 9, which is used in some paragraphs of IFRS 9 in a sense that is not necessarily consistent with its definition in IFRS 15, has been updated to replace it with ‘amount determined by applying IFRS 15’

Derecognition of Lease Liabilities (Amendments to IFRS 9: Financial Instruments)

When a lease liability is derecognized, the transaction is accounted for in accordance with IFRS 9. However, a lease modification is accounted for in accordance with IFRS 16. The IASB amendment clarifies that when a lease liability is derecognized in accordance with IFRS 9, the difference between the carrying amount and the consideration paid is recognized in profit or loss.

The amendment on derecognition of lease liabilities applies only to lease liabilities that expire after the beginning of the annual reporting period in which the amendment is first applied.

The changes are effective for annual periods beginning on or after January 1, 2026. Early application is allowed.

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

IFRS 1 has been revised to:

- improve consistency with the requirements in IFRS 9 on hedge accounting;
- with the aim of increasing comprehensibility

UFRS 1’de, UFRS 9’a “Diğer UFRS’lerin geriye dönük uygulanması istisnası” kısmında çapraz başvuru eklenmiştir.

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

A statement has been added to clarify that the guidance in IFRS 7 does not sample all the requirements for recognizing gains and losses on derecognition. In addition, "inputs that are not based on observable market data" has been corrected to "unobservable inputs" to maintain consistency with the terminology of IFRS 13.

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

The unadjusted statement after IFRS 13 was issued in May 2011, which simplifies and clarifies the concept that a transaction price may differ from fair value at the date of initial recognition. Fair value is not supported by a price that is actively traded in an active market for the same asset or liability (a Level 1 input) or a valuation technique based solely on observable market data (in which case the difference will be recognized in profit or loss in subsequent periods in accordance with IFRS 9).

2 Basis of presentation of financial statements (continued)

2.9 Standards, amendments and interpretations issued but not yet effective as at December 31, 2024 (continued):

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board ("IASB") but not yet issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") (continued)

Annual Improvements to IFRSs - Amendment 11 (continued):

Credit Risk Explanations:

Amended paragraph IG1 to clarify that it does not necessarily exemplify all the requirements in the referenced paragraphs of IFRS 7.

Designation of a Fiduciary (Amendments to IFRS 10 Consolidated Financial Statements):

The investor's determination of whether another party is acting on its behalf has been amended to use less precise language to determine whether a party is acting as a principal when the parties directing the investor's activities have the ability to direct that party to act on the investor's behalf, in which case an assessment is required.

The Cost Method (Amendments to IAS 7):

Following the removal of "cost method" in the previous amendments, the wording in IAS 7 has been corrected from "cost method" to "accounted for at cost".

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

In December 2024, the IASB amended IFRS 9 to address challenges in applying IFRS 9 to contracts for electricity generated from natural resources, sometimes called renewable energy supply agreements ("RESAs"). The amendments include guidance on:

- "own-use" exemption for electricity buyers under such RESAs and
- Hedge accounting requirements for companies that hedge electricity purchases or sales using RESAs
- IFRS 7 Financial Instruments: Disclosures and IFRS 19 Non-public Subsidiaries: Disclosures new disclosure requirements for some RESAs.

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

Self-use Exemption for RESAs.

If the own-use exemption under IFRS 9 does not apply when purchasing electricity through RESAs.the RESAs. are treated as derivatives and measured at fair value through profit or loss, which can lead to significant volatility in the income statement as RESAs. are generally long-term contracts.

In order for the self-use exemption to apply to RESAs., IFRS 9 requires companies to assess whether the contract is consistent with the company's expected purchase or use requirements - for example, if the company expects to consume the purchased electricity. The unique characteristics of electricity, its inability to be stored, and the requirement to sell unused electricity to the market within a short period of time, and for those sales to occur on market terms, are not subject to short-term price speculation, which has created a need for clarity in applying the current exemption. The amendments allow companies to apply the own-use exemption for RESAs. if they are expected to continue to be net buyers of electricity during the contract period.

These amendments are applied retrospectively, without requiring restatement of prior periods, on the basis of the facts and circumstances that existed at the beginning of the reporting period of initial application.

2 Basis of presentation of financial statements (continued)

2.9 Standards, amendments and interpretations issued but not yet effective as at December 31, 2024 (continued):

The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (“IASB”) but not yet issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) (continued)

Contracts for Electricity Generated from Natural Resources - Amendments to IFRS 9 and IFRS 7 (continued)

Hedge Accounting Requirement for RESAs

The hedge accounting requirements in IFRS 9 have been amended to permit the application of hedge accounting for RESAs, as virtual RESAs (contracts for difference) and RESAs that do not meet the own-use exemption are accounted for as derivatives and measured at fair value through profit or loss. This change is intended to reduce profit or loss volatility:

- It allows companies to designate a variable nominal volume of renewable electricity sales or purchases as a hedged instrument, rather than a fixed volume.
- It allows them to measure the protected item with the same volume assumptions used as the means of protection.

These changes apply prospectively only to new hedging transactions designated after the date of initial application. It also allows entities to terminate an existing hedge accounting relationship and designate the same hedging instrument (i.e. contracts for electricity generated from natural resources) in a new hedging relationship and apply the amendments.

Amendments that have entered into force and are being implemented

Effective for annual periods beginning on or after January 1, 2024, the amendments are as follows:

1) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
2) Lease liability in sale and leaseback transactions - Amendments to IFRS 16 Leases
3) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier financing arrangements
4) IFRS S1 General requirements for disclosure of sustainability-related financial information and IFRS S2 Climate-related disclosures
5) International Tax Reform - Second Pillar Model Rules - Amendments to IAS 12 : The IASB has amended IAS 12 to introduce a temporary mandatory exemption from accounting for deferred tax arising from legislation implementing the Global Anti-Baseline Erosion Rules (“GloBE model rules”). Under this exemption, companies are exempted from the obligation to recognize and disclose deferred tax on additional tax. However, they are required to disclose the application of the exemption.

   The exemption is effective immediately and is applied retrospectively in accordance with IAS 8. It will remain in effect until the IASB decides to remove this exemption or make it permanent.

These newly adopted amendments did not have a significant impact on the Company's financial statements.

3 Summary of significant accounting policies

3.1 Financial instruments

The company's statement of financial position formally recognises financial assets and liabilities when the company formally enters into agreements related to the aforementioned financial instruments.

a) Non-derivative financial instruments

Non-derivative financial instruments consist of factoring receivables, banks, loans received and miscellaneous payables.

Non-derivative financial instruments are recognized at cost. Subsequent to initial recognition, non-derivative financial instruments are accounted for as follows:

Banks include deposits with maturities of less than three months. Banks represent short-term highly liquid investments that are readily convertible into cash, have maturities of three months or less from the date of acquisition and are subject to an insignificant risk of changes in value. Time deposits at banks are subsequently measured at amortized cost using the effective interest rate method.

Factoring receivables are recognized initially at cost, net of transaction costs. Subsequent to initial recognition, factoring receivables are measured at amortized cost using the effective interest rate method.
Factoring receivables and other assets that are non-performing and/or uncollectible and/or the “Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing and Savings Financing Companies” published by the BRSA in the Official Gazette dated December 24, 2013 and numbered 28861 and the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing and Savings Financing Companies, “ and effective from January 1, 2008, the portions that meet the criteria specified in the ”Communiqué on Procedures and Principles Regarding the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" dated July 20, 2007 and numbered 26588 published by the BRSA are transferred to follow-up accounts and included in the financial statements at their residual values after deducting the specific provision amounts.
Financial assets at fair value through profit or loss

b) Financial assets measured at amortized cost

If the financial asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, the financial asset is classified as a financial asset measured at amortized cost. Financial assets measured at amortised cost are initially recognised at acquisition cost, reflecting their fair value plus transaction costs. They are subsequently measured at amortised cost using the 'effective interest (internal rate of return) method'. Interest income related to financial assets measured at amortized cost is recognised in the income statement. As at 31 December 2024, the Company has classified cash and cash equivalents and factoring receivables as financial assets measured at amortised cost.

3 Summary of significant accounting policies

3.1 Financial instruments (continued)

c) Financial assets at fair value through other comprehensive income

A financial asset is classified as at fair value through other comprehensive income when, in addition to holding the financial asset within a business model whose objective is to collect contractual cash flows and sell the financial asset, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. On initial recognition, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income. If this election is made, the valuation differences are classified as not to be reclassified to profit or loss. Dividends received from the investment are recognized in profit or loss.

d) Financial liabilities

The Company's financial liabilities and equity instruments are classified according to contractual arrangements and the basis on which a financial liability and an equity instrument are identified. A contract that represents the Company's right in the assets of the Company after deducting all liabilities is an equity instrument.

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

Other financial liabilities are initially recognized at cost, net of transaction costs, and subsequently measured at amortized cost.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into Turkish Lira at the exchange rate prevailing at the time of the transaction. Gains and losses arising from such transactions and from the settlement and translation of foreign currency denominated monetary assets and liabilities are recognized in the statement of profit or loss. These balances are translated at period-end exchange rates.

3.2 Tangible fixed assets and deprecation

Tangible fixed assets are reflected by deducting accumulated depreciation and permanent impairment losses from the purchase cost values.

(i) Subsequent incurred expenses

Costs incurred to replace any part of an item of property, plant and equipment are capitalized. Subsequent expenditure is capitalized if it increases the future economic benefits of the asset. All other expense items are recognized in the income statement on an accrual basis.

(ii) Deprecation

Depreciation on property, plant and equipment is provided on a straight-line basis over the useful lives of the assets based on the dates of their acquisition.

Depreciation periods reflecting the average useful lives of property, plant and equipment are as follows

Definition	***Year***
Furniture and fixtures	4-10 years
Motor vehicles	5 years
Special costs	5 years

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term or the useful life of the leasehold improvement.

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

3 Summary of significant accounting policies

3.3 Intangible assets

4 Intangible assets consist of computer software licenses. Computer software licenses are carried at acquisition cost less accumulated amortization and impairment losses. Amortization of intangible assets is provided on a straight-line basis over the estimated useful lives of the related assets, not exceeding their useful lives from the date of acquisition.

Definition	***Year***
Computer software license	3 years

4.1 Impairment of assets

Financial assets

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

Provision is recognized for factoring receivables and other receivables whose collection may be doubtful in the future and written off against the profit for the period. The provision for non-performing receivables is the amount set aside to cover possible losses that may arise in the future related to existing factoring receivables, by evaluating the Company's loan portfolio in terms of quality and risk, taking into account economic conditions and other factors and relevant legislation. Within the scope of “Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing and Savings Financing Companies and Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing and Savings Financing Companies” published in the Official Gazette dated December 24, 2013 and numbered 28861 and “Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies” published in the same date and numbered official gazette, Specific provisions should be provided for at least 20% of factoring receivables that are more than 90 days overdue but not exceeding 180 days after taking into account the collaterals, at least 50% of factoring receivables that are more than 180 days overdue but not exceeding 1 year after taking into account the collaterals and 100% of factoring receivables that are more than 1 year overdue after taking into account the collaterals.

Factoring receivables that are less than 1 year overdue are classified as Receivables to be Liquidated under Non-Performing Receivables and factoring receivables that are more than 1 year overdue are classified as Uncollectible Receivables. With the extension of the BRSA decision numbered 8948 with the decision numbered 8950, the 90-day overdue period specified in the article stipulating 20% provisioning for factoring companies' receivables was increased to 180 days and was reduced to 90 days with the decision numbered 9795.

All impairment losses are recorded in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment was recognized. For financial assets measured at amortized cost, the reversal is recorded in the income statement.

3 Summary of significant accounting policies

3.4 Impairment of assets (continued)

De-registration

In accordance with the "Regulation on the Amendment to the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated November 27, 2019 and numbered 30961, the portion of receivables that are monitored under the account of Uncollectible Receivables and for which lifetime expected credit loss provision or specific provision is allocated due to the default of the debtor and for which there is no reasonable expectation of recovery, These receivables may be written off in accordance with TFRS 9 from the first reporting period (interim or year-end reporting period) following the transfer of these receivables to the "Uncollectible Receivables" account.

The company has not performed a deregistration process in 2024 (2023: TL 152.151). The non-performing receivables ratio of the Company with the effect of deregistration is 1.48%.

Derecognition is an accounting practice and does not result in giving up the right to receivables. Write-offs do not affect the Company's legal follow-up process. Indicators are used to determine whether there is no reasonable expectation of recovery of receivables. Write-offs are analyzed on a case-by-case basis using predefined criteria and attention is paid to the following write-off indicators:

- Possibility of recovery is limited: Receivables with low collateralization ratio, limited possibility of monetization of collateral, limited assets subject to foreclosure, and low collection expectations where the cost of collection is higher than the return are evaluated,

Financial indicatators:

- Evaluate financial indicators that the receivable is not fully recoverable

- Long-term follow-up: Receivables that have been in the follow-up process for a long time and for which there is no reasonable expectation of collection are evaluated for recovery.

Non-financial assets

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

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest separable group of assets that generates cash flows that are independent of other assets or entities. Impairment losses are recognized in the income statement.

The recoverable amount of an asset or cash-generating unit is the higher of value in use or fair value less costs to sell. Value in use is calculated by discounting the expected future cash flows from an asset at a pre-tax internal rate of return that reflects the risks specific to that asset and the time value of money in current market conditions.

Impairment losses recognized in prior periods on other assets are assessed at each reporting date, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only if it does not exceed the carrying amount of the asset, net of depreciation and amortization.

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

3 Summary of significant accounting policies (continued)

3.5 Capital increases

Capital increases from existing partners are recognized at their nominal values as approved and registered at the annual general meetings.

3.6 Provisions for employee benefits

(i) Provision for employment termination benefits

Provision is made for employment termination benefits based on the present value of the estimated future probable obligation of the Company arising from the retirement of the employees and calculated in accordance with the Turkish Labor Law. It is calculated on an accrual basis as earned by the employees and recognized in the financial statements. The amount of liability is calculated based on the retirement pay ceiling announced by the government.

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, other than resignation or misconduct, or who retires after completing one year of service and whose employment is terminated without due cause, is called up for military service or dies.
TAS 19 - Employee Benefits requires actuarial methods to be used in the calculation of provision for employment termination benefits. As of December 31, 2024 and December 31, 2023, the actuarial assumptions used are as follows:

	December 31 2024	December 31 2023
Certain discount rate	%2,98	%4,00
Expected salary/rate of salary increase	%23,30	%50,00
Estimated staff turnover	%4,00	%7,37

(ii) Provision for unused vacation

Under Turkish Labor Law, if an employee's employment is terminated for any reason, the Company is required to pay the employee or his or her beneficiaries the amount of unused annual leave that the employee has earned but not used, based on the employee's salary at the time of termination.

(iii) Bonus payments

The Company recognizes bonuses as a liability and expense based on a methodology that considers the Company's profitability, budget realization and performance criteria. The Company also recognizes a provision in cases where there is a contractual or implied obligation.

3.7 Provisions, contingent assets and liabilities

As stated in TAS 37, "Provisions, Contingent Liabilities and Contingent Assets", in order for a provision to be recognized in the financial statements, the Company must have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If these criteria are not met, the Company discloses the related issues in the explanatory notes to the financial statements.

Where the effect of the time value of money is material, the amount of the provision is determined as the present value of the cash outflows expected to be required to settle the obligation. In determining the discount rate to be used in discounting the provisions to their present value, the interest rate in the relevant markets and the risk associated with the liability in question are taken into consideration.

Contingent assets are not recognized unless realized and are disclosed only in the notes to the financial statements.

3 Summary of significant accounting policies (continued)

3.8 Recognition of income and expenses

(i) *Factoring income*

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

(ii) Other interest income

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

(iii) Other operating income and expenses

Other income and expenses are recognized on an accrual basis.

3.9 Kurum kazancı üzerinden hesaplanan vergiler

Income taxes comprise current income tax (corporation tax) and deferred income tax.

Corporate Tax

Corporate income is subject to corporate tax at a rate of 30% (2023: 30%). This rate is applied to the tax base which is calculated by adding non-deductible expenses, exemptions (such as participation exemption) and other deductions (such as investment incentives) to the commercial income of the corporations. If no profit is distributed, no further tax is payable.

Dividends paid to resident corporations and corporations that have a place of business or permanent representative in Turkey are not subject to withholding tax. Dividend payments made to institutions other than these are subject to withholding tax at the rate of 10%. In the application of withholding tax rates on dividend payments to non-resident corporations and real persons, the practices set out in the relevant Double Tax Treaty Agreements shall also be taken into consideration. Addition of profit to capital is not considered as profit distribution and no withholding tax is applied.

Advance taxes are calculated and paid at the corporate tax rate applicable to that year's earnings. Advance taxes paid during the year can be offset against the corporate tax calculated on the annual corporate tax return for that year.

In Turkey, there is no practice of agreeing with the tax authority on the taxes to be paid. Corporate tax returns are required to be filed until the evening of the last day of the fourth month following the close of the accounting period. However, the tax authorities may examine the accounting records within five years and the amount of tax payable may change if incorrect transactions are detected.

3 Summary of significant accounting policies (continued)

3.9 Taxes on corporate income (continued)

Corporate tax (continued)

In accordance with the repeated Article 298 of the Tax Procedure Law, if the increase in the producer price index is more than 100% in the last 3 accounting periods including the current period and more than 10% in the current accounting period, the financial statements will be subject to inflation adjustment and these conditions have been realized as of December 31, 2021. However, with the "Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law" published in the Official Gazette dated January 29, 2022 and numbered 31734, the provisional article 33 was added to the Tax Procedure Law No. 213 and the 2021 and 2022 accounting periods, including the provisional tax periods (to which for the accounting periods ending in 2022 and 2023 for those who are assigned a special accounting period) and in the temporary tax periods of the 2023 accounting period, the financial statements will not be subject to inflation adjustment, regardless of whether the conditions for inflation adjustment within the scope of repeating Article 298 are met, December 31, 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met or not, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the retained earnings/loss account, and the retained earnings determined in this way will not be subject to tax, and the retained losses will not be accepted as losses. In addition, the "Law on Amendments to Certain Laws and Decree Laws" numbered 7491 was published in the Official Gazette dated 28 December 2023 and Article 17 of this law stipulates that the profit and loss arising from the inflation adjustment to be made by banks, companies within the scope of Law No. 6361, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies in the 2024 and 2025 accounting periods (including temporary tax periods) shall not be taken into account in the corporate tax base.

Deferred Tax

Deferred tax is recognized on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes in accordance with TAS 12. For tax purposes, differences that affect neither the taxable profit nor the accounting profit at the acquisition date of assets and liabilities are excluded from this calculation.

Deferred tax assets and liabilities are offset and the net amount reported in the financial statements when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax asset and deferred tax liability relate to income taxes levied by the same taxation authority on the same taxable entity. The tax rate used in the calculation of deferred tax assets and liabilities is 30% (2023: 30%).

Transfer pricing

Article 13 of the Corporate Tax Law deals with transfer pricing under the heading of "disguised profit distribution through transfer pricing" and the "General Communiqué on Disguised Profit Distribution through Transfer Pricing" published on November 18, 2007 sets out the details of this issue in practice.

According to the related communiqué, if taxpayers enter into transactions with related entities (individuals) for the purchase and sale of goods, services or products whose pricing is not in accordance with the arm's length principle, it will be concluded that the related profits are distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing will not be deductible from the tax base for corporate tax purposes.

3 Summary of significant accounting policies (continued)

3.10 Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (reporting entity).

(a) A person or a close member of that person's family is related to a reporting entity if The person in question, in case of;

(i) has control or joint control over the reporting entity,

(ii) significant influence over the reporting entity,

(iii) is a member of the key management personnel of the reporting entity or a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions exist:

(i) The entity and the reporting entity are members of the same group (i.e. each parent, subsidiary and fellow subsidiary is related to the others).

(ii) The entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity has a post-employment benefit plan for the benefit of employees of the reporting entity or of an entity related to the reporting entity. If the reporting entity itself has such a plan, the sponsoring employers are also related to the reporting entity.

(vi) If the entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, whether or not consideration is received.

For the purpose of these financial statements, shareholders of the Company and group companies having an indirect capital relationship with the Company, members of the Board of Directors and key management personnel are referred to as "related parties" (Note 27).

3.11 Events after the reporting period

Events that occur between the reporting period and the date when the financial statements are authorized for issue. In accordance with the provisions of TAS 10, "Turkish Accounting Standard for Events after the Reporting Period", if there is new evidence of the existence of such events as of the reporting date or if the related events occur after the reporting date and these events require restatement of the financial statements, the Company adjusts its financial statements in accordance with the new situation. If such events do not require restatement of the financial statements, the Company discloses the related matters in the related notes.

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

3.12 Statement of cash flows

The Company prepares cash flow statement in order to inform the users of the financial statements about the changes in its net assets, its financial structure and its ability to manage the amount and timing of its cash flows according to changing conditions.

In the statement of cash flows, cash flows for the period are classified and reported based on operating, investing and financing activities. Cash flows from operating activities represent cash flows from operating activities of the Company. Cash flows from investing activities represent cash flows used in, and generated from, investing activities (fixed investments and financial investments). Cash flows from financing activities represent the resources used in financing activities and the repayments of these resources.

3.13 Segment reporting of financial information

The Company has no operating segments, including information used by management to evaluate performance and allocate resources.

3.14 The effects of exchange rate changes

Transactions in foreign currencies are translated into TL at the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into TL at the exchange rates prevailing at the reporting date. Exchange differences arising on such transactions are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated into TL at the exchange rate ruling at the reporting date.

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

	December 31 2024	**December 31 2023**
US Dollar	35,2803	29,4382
Euro	36,7362	32,5739
Swiss Franc	38,9446	34,9666

3.15 Leasing transactions

The Company assesses whether a contract is, or contains, a lease at inception of the contract. The Company recognizes the right-of-use asset and the related lease liability for all leases in which it is the lessee, except for short-term leases (leases with lease terms of 12 months or less) and leases of low-value assets. For these leases, the Company recognizes lease payments as an operating expense on a straight-line basis over the lease term, unless there is another systematic basis that better reflects the timing of the economic benefits derived from the leased assets.

At initial recognition, lease liabilities are recognized at the present value of the lease payments that are not paid at the inception of the contract, discounted at the lease rate. If this rate is not specified in advance, the Company uses an alternative borrowing rate determined by the Company.

Lease payments included in the measurement of the lease liability consist of the following:

- fixed lease payments (essentially fixed payments) less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using an index or rate at the commencement date;
- the amount of debt expected to be paid by the lessee under residual value guarantees;
- the exercise price of the payment options where the lessee would reasonably exercise the payment options; and
- payment for lease cancellation if there is a right to cancel the lease during the lease period.

The lease liability is presented as a separate line item in the statement of financial position. Lease liabilities are subsequently measured by increasing the net carrying amount to reflect interest on the lease liability (using the effective interest method) and decreasing the net carrying amount to reflect the lease payment made. The Company remeasures the lease liability (and makes appropriate modifications to the related right-of-use asset) in those situtations:

- when there is a change in the lease term or in the assessment of the exercise of a purchase option, the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.
- when the lease liability is remeasured by discounting the restated lease payments using the initial discount rate when there is a change in the lease payments due to changes in the index, changes in the rate or a change in the expected payment in the committed residual value (a revised discount rate is used if the change in lease payments is due to a change in the variable interest rate).
- when a lease is modified and the lease modification is not accounted for as a separate lease, the lease liability is restated by discounting the revised lease payments using the revised discount rate.

The Company has not made any such changes during the periods presented in the financial statements.

3 Summary of significant accounting policies (continued)

3.15 Leases (continued)

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made on or before the commencement date and other direct initial costs. These assets are subsequently measured at cost less accumulated depreciation and impairment losses.

A provision is recognized in accordance with IAS 37 when the Company incurs costs necessary to dismantle and remove a lease asset, restore the space on which the asset is located, or restore the host asset in accordance with the terms and conditions of the lease. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. The associated right-of-use asset is depreciated over the useful life of the host asset when ownership of the underlying asset is transferred or when the Company plans to exercise a purchase option based on the cost of the right-of-use asset. Depreciation commences on the commencement date of the lease.

The Company applies IAS 36 to determine whether right-of-use assets are impaired and recognizes all identified impairment losses as described in the "Property, Plant and Equipment" policy.

Variable rents that are not linked to an index or rate are not included in the measurement of the lease liability and right-of-use asset. Related payments are recognized as an expense in the period in which the underlying event or events giving rise to the payments occur and are included in "Other expenses" in the statement of profit or loss.

3.16 Earnings per share

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

4 Financial risk management

The Company is exposed to the following risks through the use of financial instruments:

- Credit risk
- Liqiudity risk
- Market risk

This note is presented to provide information about the Company's objectives, policies and processes for managing these risks in the event that the Company is exposed to the above risks.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

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

4 Financial risk management

Credit risk

The Company's main activity is to focus on sectors in which it has a high level of know-how and to perform factoring transactions for companies operating in these sectors within the limits set forth in the “Credit and Risk Monitoring Regulation”.

Policies related to credit risk are detailed in the “Credit and Risk Monitoring Regulation” and practices within the Company are carried out within the framework of this regulation. The Risk Committee regularly reviews the Company's credit risk strategy and key credit risk policies. The said strategy aims to reflect the Company's degree of tolerance for credit risk and the level of profit that the Company expects to achieve against the various credit risks it takes.

On the other hand, the Company pays attention to a balanced distribution of the portfolio by sector. All of the Company's transactions are carried out by the Operations Department. There is no authorization to make transactions and payments at the level of liaison offices.

Liquidity risk

The Company generally raises funds by liquidating its short-term financial instruments, for example by collecting its receivables and converting its deposits in banks into cash.

Liquidity risk arises from the funding of the Company's operations. This risk includes both the risk that the Company will not be able to fund its assets at appropriate maturities and rates and the risk that it will not be able to liquidate an asset at a fair price and within an appropriate time frame. The Company meets its funding needs through banks. The Company continuously assesses liquidity risk by identifying and monitoring the changes in the funding sources required to achieve its objectives.

Market risk

Market risk is the risk that changes in the money market, such as foreign exchange rates, interest rates or the prices of instruments traded on securities markets will affect the Company's income or the value of its holdings of financial assets. Market risk management aims to optimize the return on risk while controlling exposure to market risk within acceptable limits.

Exchange rate risk

The Company is exposed to foreign exchange risk due to foreign currency factoring activities, bank balances and loans received.

As of December 31, 2024, the Company has no foreign currency indexed borrowings (December 31, 2023: None).

Interest rate risk

The Company's activities expose it to the risk of changes in interest rates when interest bearing assets and liabilities are amortized or repriced at different times or amounts. Given market interest rates that are consistent with the Company's core strategies, risk management activities aim to optimize net interest income.

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

5 Cash and cash equivalents

As at December 31, 2024 and December 31, 2023, cash and cash equivalents are as follows

	31 December 2024		31 December 2023	
	TP	YP	TP	YP
Safe deposit box and effectives storage	4	-	6	-
Time deposits	568.352	-	250.056	-
Demand deposits	9.303	8.783	8.735	4.826
Total cash and cash equivalents	**577.659**	**8.783**	**258.797**	**4.826**
Blocked amount	(519.699)	-	(250.056)	-
Interest accruals on time deposits	(53)	-	-	-
Cash and cash equivalents	**57.907**	**8.783**	**8.741**	**4.826**

As of 31 December 2024, 519.699 TL of 568.352 TL in time deposits is blocked as collateral for funds borrowed from money markets (As of 31December 2023, time deposits amounting to 250.056 TL in time deposits are blocked as collateral for funds borrowed from money markets).

As at 31 December 2024 and 31 December 2023, the details of time deposits are as follows

	31 December 2024		31 December 2023	
	Amount	Interest Rate (%)	Amount	Interest Rate (%)
Time deposits (TP)	568.352	38,00 - 43,00	250.056	35,00
Sum	**568.352**		**250.056**	

6 Factoring receivables

The details of the Company's factoring transactions as of 31 December 2024 and 31 December 2023 are as follows

	31 December 2024		31 December 2023	
	TP	YP	TP	YP
Discounted factoring receivables, (net)	3.564.995	565.783	1.846.495	-
Other factoring receivables	5.145.714	565.273	4.196.913	218.052
Sum	**8.710.709**	**1.131.056**	**6.043.408**	**218.052**

As at 31 December 2024, the amount of guarantee notes and mortgages received by the Company against factoring receivables is 309.491.560 TL(31 December 2023: 209.193.446 TL) (Note 28).

Maturity Breakdown	**31 Aralık 2024**	**31 Aralık 2023**
0-6 month term	9.495.638	6.279.018
6-12 month term	192.550	2.305
1-2 year term	180.313	61
Balance at the end of period	**9.868.501**	**6.281.384**

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

6 Factoring receivables (continued)

As at 31 December 2024 and 31 December 2023, the sectoral breakdown of factoring receivables and non-performing receivables is as follows

	31 Aralık 2024	%	31 Aralık 2023	%
Construction	3.167.686	%32,10	1.126.846	%17,94
Communication	1.948.643	%19,75	1.104.868	%17,59
Factoring companies	863.013	%8,75	126.128	%2,01
Textile industry	859.883	%8,71	395.267	%6,29
Culture, recreation and sports activities	465.857	%4,72	113.030	%1,80
Motor vehicles	458.512	%4,65	-	-
Extraction of non-energy producing minerals	246.456	%2,50	106.136	%1,69
Research, consultancy, advertising and other	233.663	%2,37	74.334	%1,18
Activities	167.098	%1,69	339.531	%5,41
Food and beverage industry	136.625	%1,38	160.272	%2,55
Metal main industry	117.506	%1,19	29.410	%0,47
Garment industry	108.867	%1,10	1.459.579	%23,24
Electricity, gas and water resources	108.635	%1,10	113.670	%1,81
Processed metal products industry	75.713	%0,77	101.187	%1,61
Machinery and equipment	73.869	%0,75	57.867	%0,92
Sewerage and waste disposal, public	62.886	%0,64	165	%0,00
health and similar activities	62.216	%0,63	7.189	%0,11
Health and social services	54.735	%0,55	226.822	%3,61
Manufacture of paper raw materials and paper products	51.445	%0,52	24.130	%0,38
Hotels	48.080	%0,49	-	%0,00
Production of plastic products	44.577	%0,45	26.884	%0,43
Electricity not elsewhere classified	38.883	%0,39	-	%0,00
machinery and tools	29.188	%0,30	-	%0,00
Road freight transport	21.120	%0,21	1.737	%0,03
Animal products	18.295	%0,19	35.637	%0,57
Extraction of energy producing minerals	15.521	%0,16	-	%0,00
Brick tiles marble flat stones	14.224	%0,14	-	%0,00
Medical medicines	13.823	%0,14	172.040	%2,74
Chemical and chemical products industry	13.547	%0,14	19.693	%0,31
Herbal products	10.180	%0,10	28.343	%0,45
Furniture industry	7.386	%0,07	4.862	%0,08
Electrical and non-electrical household appliances	4.989	%0,05	9.438	%0,15
Other manufacturing industry	177	%0,00	-	-
Other	325.203	%3,30	416.319	%6,63
Total	**9.868.501**	**%100,00**	**6.281.384**	**%100,00**

Factoring transactions according to their types are as follows:

	31 December 2024	31 December 2023
Domestic recourse	7.482.601	5.398.339
Domestic irrevocable	1.952.377	634.552
Overseas recourse	312.312	150.324
Abroad irrevocable irrevocable	121.211	98.169
	9.868.501	**6.281.384**

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

6 Factoring receivables (continued)

As at 31 December 2024 and 31 December 2023, the Company's non-performing factoring receivables and provisions are as follows

	31 December 2024		31 December 2023	
	TP	YP	TP	YP
Receivables to be liquidated	97.156	-	59.610	-
Uncollectible receivables	50.818	-	1.422	-
Special provisions	(121.238)	-	(41.108)	-
Non-performing accounts receivable, net	**26.736**	**-**	**19.924**	**-**

As at 31 December 2024 and 31 December 2023, the delinquency periods and specific provision distribution of non-performing factoring receivables are as follows

	31 December 2024		31 December 2023	
	Total nonperforming factoring receivables	Allocated provision	Total nonperforming factoring receivables	Allocated provision
Not matured	-	-	7.947	(5.267)
1-3 months matured	60.716	(33.980)	22.822	(5.578)
3-6 months matured	3.265	(3.265)	-	-
6-12 months matured	33.175	(33.175)	28.841	(28.841)
matured 1 year or more	50.818	(50.818)	1.422	(1.422)
Total	**147.974**	**(121.238)**	**61.032**	**(41.108)**

Movements of special provisions during the period are as follows

	1 January 2024 - 31 December 2024	1 January 2023 - 31 December 2023
1 January balance	41.108	108.871
Provision recognised during the period (Note 23)	86.119	89.348
Collections during the period (-) (Note 22)	(5.989)	(4.960)
Moved off balance sheet	-	(152.151)
Balance at the end of the period	**121.238**	**41.108**

The table of the Company's customers within the scope of financial restructuring arranged for some factoring receivables that were impaired in 2024 as of 31 December 2024 is as follows (31 December 2023: 238.705TL).

	31December2024	31 December 2023
Net factoring receivables	8.843	238.705
Total FYY/(FDI)firms	**8.843**	**238.705**

There is a receivable amounting to 8.843 TL (31 December 2023 238.705: TL , 2 customers) belonging to 1 customer and its share in net factoring receivables is 0,09% (31 December 2023: 4%, 2 customers). There is no off-balance sheet risk.

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

7 Property, plant and equipment

Movements in property, plant and equipment/tangible-fixed assets of the Company are as follows:

	Machinery and equipment	Furniture and fixtures	Special costs	Movables with right of use	Right to use immovable property	Total
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
Exits	(31)	-	-	(1.234)	(6.224)	(7.489)
Closing balance, 31 December 2024	**9.593**	**461**	**654**	**7.835**	**4.242**	**22.785**
Accumulated amortisation						
Opening balance, 1 January 2024	(3.261)	(386)	(534)	(2.392)	(3.524)	(10.097)
Period expense	(1.527)	(4)	(36)	(2.491)	(3.458)	(7.516)
Exits	12	-	-	1.234	4.067	5.313
Closing balance, 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**

	Machinery and equipment	Furniture and fixtures	Special costs	Movables with right of use	Right to use immovable property	Total
Cost						
Opening balance, 1 January 2023	4.481	431	654	1.811	1.568	8.945
Purchases	2.918	10	-	2.926	2.560	8.414
Exits	-	-	-	-	-	-
Closing balance, 31 December 2023	**7.399**	**441**	**654**	**4.737**	**4.128**	**17.359**
Accumulated amortisation						
Opening balance, 1 January 2023	(2.282)	(386)	(503)	(1.491)	(1.082)	(5.744)
Period expense	(979)	-	(31)	(901)	(2.442)	(4.353)
Exits	-	-	-	-	-	-
Closing balance, 31 December 2023	**(3.261)**	**(386)**	**(534)**	**(2.392)**	**(3.524)**	**(10.097)**
Net Book Value	**4.138**	**55**	**120**	**2.345**	**604**	**7.262**

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

8 Intangible assets

Movements of intangible assets of the Company are as follows

	Computer software	Other	Total
Cost			
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**
Accumulated amortisation			
Opening balance, 1 January 2024	(2.066)	(1.058)	(3.124)
Period expense	(999)	(816)	(1.815)
Closing balance, 31 December 2024	**(3.065)**	**(1.874)**	**(4.939)**
Net Book Value	**10.365**	**7.152**	**17.517**

	Computer software	Other	Total
Cost			
Opening balance, 1 January 2023	4.830	1.882	6.712
Purchases	2.224	455	2.679
Closing balance, 31 December 2023	**7.054**	**2.337**	**9.391**
Accumulated amortisation			
Opening balance, 1 January 2023	(1.750)	(590)	(2.339)
Period expense	(316)	(468)	(785)
Closing balance, 31 December 2023	**(2.066)**	**(1.058)**	**(3.124)**
Net Book Value	**4.988**	**1.279**	**6.267**

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

9 Deferred tax assets and liabilities

The Company recognises deferred tax for all taxable temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit in accordance with 'Turkish Accounting Standard for Income Taxes' (TMS12 - TAS 12). Deferred tax is calculated using tax rates enacted or substantively enacted at the balance sheet date in accordance with tax legislation in force.

The Company recognises deferred tax assets and liabilities based on the period in which the deferred tax assets are realised or the deferred tax liabilities are settled (31 December 2023: 30%).

The cumulative temporary differences subject to deferred tax and the effect of deferred tax assets and liabilities using enacted tax rates are summarised below

:

	31 December 2024		31 December 2023	
	Accumulated temporary differences	**Deferred tax assets/liabilities**	**Accumulated temporary differences**	**Deferred tax assets/liabilities**
Unearned interest income	318.492	95.547	130.022	39.006
Inflation adjustment - Net book value	9.464	2.840	-	-
Premium provision	15.032	4.510	10.907	3.272
Provisions - General provisions	12.474	3.742	-	-
Provision for employment termination and leave	7.869	2.361	5.348	1.604
Litigation provision	1.488	446	564	169
Provision for doubtful receivables	-	-	4.981	1.494
Total	**364.819**	**109.446**	**151.822**	**45.545**
Provision for doubtful receivables	26.736	8.021	-	-
Tangible and intangible assets tax base difference	1.116	335	581	174
TFRS 16 impact	683	204	274	81
Total	**28.535**	**8.560**	**855**	**255**
Deferred tax asset / (liability), net	**336.284**	**100.886**	**150.966**	**45.290**

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

9 Deferred tax assets and liabilities (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit 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 judgements are required regarding future taxable profits. Future taxable profits and the amount of future tax benefits are based on the medium-term business plan prepared by the Management and estimates derived therefrom. The business plan is based on management's expectations, which are considered reasonable under the circumstances.

The movements of deferred tax assets for the periods ended 31 December 2024 and 31 December 2023 are as follows

	1 January – 31 December 2024	1 January– 31 December2023
Opening balance	45.290	22.330
Deferred tax income / (expense)	55.596	22.960
Closing balance at the end of the period	**100.886**	**45.290**

10 Other assets

As at 31 December 2024 and 31 December 2023, the details of the Company's other assets are as follows

	31 December 2024		31 December 2023	
	TP	YP	TP	YP
Customer BSMV receivables	45.909	3.414	17.209	-
Prepaid expenses (*)	22.656	2.564	14.412	-
Other	72	-	485	-
Total	**68.637**	**5.978**	**32.106**	**-**

(*) Prepaid expenses consist of advertising expenses, insurance expenses, legal fees and participation shares, letter of guarantee commission expenses and commission expenses.

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Non-current assets held for sale and discontinued operations,

as at 31 December 2024 and 31 December 2023, as a result of the legal proceedings carried out in relation to the Company's receivables held for sale and receivables under follow-up, the details of the real estates included in the Company's assets are as follows

	31 December 2024		31 December 2023	
	TP	YP	TP	YP
Assets held for sale	663	-	663	-
Total	**663**	**-**	**663**	**-**

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

12 Loans received

The details of the Company's borrowings as of 31 December 2024 and 31 December 2023 are as follows

	31 December 2024		31 December 2023	
	TP	**YP**	**TP**	**YP**
Loans received	7.653.307	1.032.798	5.321.912	169.490
Total	**7.653.307**	**1.032.798**	**5.321.912**	**169.490**

The maturity distribution of the Company's borrowings as of 31 December 2024 and 31 December 2023 is as follows

Breakdown of loans by maturity	**31 December2024**	**31 December 2023**
Maturity less than 1 year	8.686.105	5.491.402
Total	**8.686.105**	**5.491.402**

Short-term financial liabilities	**31 Aralık 2024**	**31 Aralık 2023**
Short-term secured domestic bank borrowings (*)	6.653.574	3.024.397
Short-term unsecured domestic bank borrowings	1.221.050	2.297.515
Short-term unsecured foreign bank borrowings	811.481	169.490
Total	**8.686.105**	**5.491.402**

(*) Collaterals given for short-term secured domestic bank borrowings consist of letters of guarantee given to Takasbank A.Ş. and cash blockages.

			31 December 2024			31 December 2023		
Currency	**Maturity**	**Faiz türü**	**Interest rate**	**Original Amount**	**TL**	**Interest rate**	**Original Amount**	**TL**
TL	2024	Stable ./Fixed	%50,75-%48	7.653.307	7.653.307	%50,5-%14	5.321.912	5.321.912
Euro	2024	Stable/fixed	%8,00-%6,85	13.576	498.728	%10,46-%4,01	5.188	169.490
USD Dollars	2024	Stable/fixed	%8,50-%8,00	15.138	534.070	-	-	-
Total					**8.686.105**			**5.491.402**

The movements of the Company's borrowings for the periods ended 1 January - 31 December 2024 and 1 January - 31 December 2023 are as follows

	2024	**2023**
Beginning of the period - 1 January	**5.491.402**	**3.178.135**
Borrowings received during the period	69.056.144	35.944.046
Loans paid during the period (-)	(66.079.490)	(33.811.867)
Accruals for interest and foreign exchange differences	218.049	181.088
End of period - 31 December	**8.686.105**	**5.491.402**

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

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Payables from factoring transactions

The details of the Company's payables from lease transactions as of 31 December 2024 and 31 December 2023 are as follows

The details of the Company's payables from lease transactions as of 31 December 2024 and 31 December 2023 are as follows

	31 DECEMBER 2024		31 DECEMBER 2023	
	TP	**YP**	**TP**	**YP**
Revocable	32.633	-	16.960	-
irrevocable	623	-	20	1
Toplam	**33.256**	**-**	**16.980**	**1**

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Securities issued

None (2023: None)..

15 Provisions

The details of the Company's provisions as of 31 December 2024 and 31 December 2023 are as follows

	31 December 2024		31 December 2023	
	TP	**YP**	**TP**	**YP**
Bonus provision	15.032	-	10.907	-
General provisions	12.474	-	-	-
Provision for employment termination benefits	5.834	-	4.123	-
Provision for leave	2.035	-	1.225	-
Other provisions	1.488	-	564	-
Total	**36.863**	**-**	**16.819**	**-**

As a result of the re-evaluation of the Company's ability to collect some factoring receivables in 2024 within the scope of the restructuring agreement, a general provision amounting to TL 12.474 has been provided. As at 31 December 2024, the Company's other provisions amounting to TL 1.488 includes provisions for litigation (31 December 2023: 564 TL).

The movements of provision for employment termination benefits for the periods ended 31 December 2024 and 31 December 2023 are as follows

	1 January - 31 December 2024	1 January - 31 December 2023
Beginning of the period, 1 January	4.123	3.117
Cost of service	622	392
Interest cost	1.089	614
End of the period, 31 December	**5.834**	**4.123**

As at 31 December 2024 and 31 December 2023, movement of unused vacation provision is as follows

	1 January - 31 December 2024	1 January - 31 December 2023
Beginning of the period, 1 January	1.225	833
Calculated during the period	2.019	1.126
Cancelled	(1.209)	(734)
End of the period, 31 December	**2.035**	**1.225**

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

15 Provisions (continued)

As at 31 December 2024 and 31 December 2023, movements of personnel premium provision are as follows

	1 January - 31 December 2024	1 January - 31 December 2023
Beginning of the period, 1 January	10.907	5.184
Paid during the period	(9.116)	(6.148)
Calculated during the period	13.241	11.871
End of the period, 31 December	**15.032**	**10.907**

16 Current period tax assets/liabilities

The Company has no current tax assets (31 December 2023: None). The Company's current tax liability is 93.249 TL(31 December 2023: 36.572 TL).

17 Other liabilities

The details of the Company's other liabilities as at 31 December 2024 and 31 December 2023 are as follows

	31 December 2024		31 december 2023	
	TP	**YP**	**TP**	**YP**
Taxes payable	50.174	-	20.945	-
Unearned commission and expense income	1.777	5.937	3.847	1.057
Payables to personnel	294	-	143	-
Other acquisition payables(*)	12.803	-	9.322	493
Total	**65.048**	**5.937**	**34.257**	**1.550**

(*) Other purchase payables include personnel expenses payable, invoices and bank temporary account balances.

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

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Shareholders' equity

Paid-in capital

As at 31 December 2024, the nominal share capital of the Company is TL 246.000 (31 December 2023: 246.000TL),

The Company's share capital consists of 246,000 (31 December 2023: 246,000) fully paid shares with a par value of TL 1.

The shareholders and share distribution of the Company as at 31 December 2024 and 31 December 2023 are as follows

	31 December 2024		31 December 2023	
Shareholding	**Amount**	**(%)**	**Amount**	**(%)**
Türkiye Halk Bankası A.Ş.	246.000	100	246.000	100
Paid-in capital	**246.000**	**100**	**246.000**	**100**

The Company does not have any preferred shares representing the share capital (December 31, 2023: None).

Capital reserves

The Company has no capital reserves as of December 31, 2024 and December 31, 2023.

Profit reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated out of paid-in capital at the rate of 5% per annum.

10% of distributed profit exceeding 5%. According to the Turkish Commercial Code, legal reserves are appropriated out of paid-in capital.

As long as it does not exceed 50%, it can only be used to offset losses and cannot be used in any other way.

It has been decided to allocate 23.873 TL as First Legal Reserves at the rate of 5% from 476.539 TL, which is the distributable portion after tax in the financial statements of the Company for the accounting period ending on 31 December 2023, and to allocate the remaining 476.539 TLas extraordinary reserves.

As at 31 December 2024, there is 10TL of accumulated other comprehensive income or expenses that will not be reclassified to profit or loss (31 December 2023: 10TL).

As at 31 December 2024, there is profit reserve amounting to 790.404TL (31 December 2023: 289.992TL).

The second legal reserve is appropriated out of the statutory profit remaining after the appropriation of 5% of the first legal reserve, at the rate of 10% per annum, which is unrestricted. The second legal reserve can be utilised against losses of the Company.

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Operating income

The details of the Company's operating income for the periods ended 31 December 2024 and 2023 are as follows

	1 january – 31 December 2024	**1 January – 31 December 2023**
Interest on factoring receivables		
-Discounted	1.385.090	877.741
-Other	2.467.726	687.014
	3.852.816	**1.564.755**
Fees and commissions received from factoring receivables, net		
-Discounted	42.322	144.161
-Other	151.733	174.259
	194.055	**318.420**
Total	**4.046.871**	**1.883.175**

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

20 Finance expenses

The details of the Company's financial expenses for the periods ended 31 December 2024 and 31 December 2023 are as follows

	1 January – 31 December 2024	1 January – 31 December 2023
Interest on borrowings utilised	2.898.666	995.150
Fees and commissions paid	58.598	21.086
Other interest expenses	1.233	475
Toplam	**2.958.497**	**1.016.711**

21 Operating expenses

The details of general administrative expenses for the periods ended 31 December 2024 and 31 December 2023 are as follows

	1 January – 31 December 2024	1 January – 31 December 2023
Personnel expenses	121.393	66.414
Advertisement and advertisement expenses	27.672	17.781
Amortisation expenses	9.331	5.138
Outsourced benefits and services	6.104	1.711
Information processing expenses	3.913	1.094
Subscription and subscription expenses	3.614	1.999
Taxes and duties	3.371	1.140
Vehicle expenses	2.046	1.241
Office expenses	2.046	1.388
Provision for employment termination benefits	1.711	1.150
Representation and hospitality expenses	1.665	880
Communication expenses	708	402
Stationery and printing expenses	283	195
Travelling and accommodation expenses	151	251
Notary expenses	97	121
Maintenance and repair expenses	34	72
Other	17.558	14.046
Total	**201.697**	**115.023**

The details of operating expenses for the periods ended 31 December 2024 and 31 December 2023 are as follows

	1 January – 31 December 2024	1 January – 31 December 2023
Salaries and wages	75.877	38.853
SSK employer's share	16.810	9.775
Personnel insurance expenses	11.390	6.342
Bonus payment	9.695	7.665
Other	7.621	3.779
Total	**121.393**	**66.414**

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

22 Other operating income

The details of other operating income for the periods ended 31 December 2024 and 31 December 2023 are as follows

	1 Ocak – 31 Aralık 2024	1 Ocak – 31 Aralık 2023
Gain on foreign exchange transactions	376.946	352.574
Interest received from banks	186.318	20.111
Income from collections from provisions for non-performing receivables (Note 6)	5.989	4.960
Other (*)	12.313	214
Total	**581.566**	**377.859**

(*) Factoring transactions amounting to 4.884 TL from expense income and 6.468 TL from a group customer derecognised
It consists of the collections obtained.

23 Provision expenses

For the periods ended 31 December 2024 and 31 December 2023, the details of provision expenses are as follows

	1 January – 31 December 2024	1 January – 31 December 2023
Special provision expenses (Note 6)	(86.119)	(85.404)
General provisions	(12.474)	-
Total	**(98.593)**	**(85.404)**

As a result of the re-evaluation of the Company's ability to collect some of its receivables in 2024 within the scope of the restructuring agreement, a general provision amounting to 12.474 TL has been provided.

24 Other operating expenses

The details of other operating expenses for the periods ended 31 December 2024 and 31 December 2023 are as follows

	1 January – 31 December 2024	1 January – 31 December 2023
Loss on foreign exchange transactions	(368.892)	(333.980)
Other	(1.630)	(17.216)
ToTAL	**(370.522)**	**(351.196)**

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

25 Tax expenses

The details of the Company's tax expenses for the periods ended 31 December 2024 and 31 December 2023 are as follows

	1 January – 31 December 2024	1 January – 31 December 2023
Reported profit before tax	999.128	692.700
Tax expense recognised	(299.738)	(207.810)
Reconciliation of provision for income taxes recognised and calculated:		
- (Non-allowable expenses)/Deductions	(1.635)	15.522
Total tax expense recognised in profit/loss for the period	**(301.373)**	**(192.288)**

As at 31 December 2024 and 31 December 2023, tax expenses in the income statement are summarised below:

	1 January – 31 December 2024	1 January – 31 December 2023
Profit before taxation	**999.128**	**692.700**
Current period corporate tax provision expense	(356.969)	(215.248)
Deferred tax income/(expense)	55.596	22.960
Total income tax recognised in the income statement	**(301.373)**	**(192.288)**

26 Earnings per share

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

27 Related parties

The details of the Company's receivables and payables from related parties as of 31 December 2024 and 31 December 2023 are as follows

	31 December 2024	31 December 2023
Bank deposits		
T.Halk Bankası A.Ş.	35.419	8.483

As at 31 December 2024 and 31 December 2023, income and expenses arising from transactions with related parties are as follows

	1 January – 31 December 2024	1 January – 31 December 2023
Interest income from related parties		
T.Halk Bankası A.Ş.	1.905	1.183
Interest Expense Paid to Related Parties		
T.Halk Bank A.S.	282.185	530.068
HalkBank A.D. (Belgrade)	11.234	3.336
Other expenses paid to related parties		
T.Halk Bank A.S.	2.282	1.050
HalkBank A.D. (Belgrade)	209	-

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

27 Related parties (continued)

Total remuneration and benefits of key management personnel:

For the year ended 31 December 2024, total amount of remuneration and similar benefits provided to board of directors and senior management is 18.117 TL (31 December 2023: 10.607 TL).

28 Contingent assets and liabilities

Collaterals received

As at 31 December 2024 and 31 December 2023, guarantees received against factoring receivables are as follows

	31 Aralık 2024		31 Aralık 2023	
	TP	**YP**	**TP**	**YP**
Collateral bonds	244.393.704	61.486.907	139.123.655	69.482.164
Mortgages taken	3.610.676	-	587.365	-
Letters of guarantee received	211	62	211	51
Total	**248.004.591**	**61.486.969**	**139.711.231**	**69.482.215**

Guarantees given

As at 31 December 2024 and 31 December 2023, guarantees given consist of guarantee notes given to the following institutions:

	31 December 2024		31 December 2023	
	TP	**YP**	**TP**	**YP**
Takasbank and Exim collaterals	7.420.021	-	3.000.021	-
Guarantees given to the court for lawsuits	7.713	-	4.145	-
Total	**7.427.734**	**-**	**3.004.166**	**-**

Deposited assets

As at 31 December 2024 and 31 December 2023, the details of securities held in custody are as follows

	31 December 2024		31 December 2023	
	TP	**YP**	**TP**	**YP**
Customer cheques	6.077.672	697.874	2.174.263	153.676
Customer promissory notes	848.363	85.194	334.561	25.515
Total	**6.926.035**	**783.068**	**2.508.824**	**179.191**

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

29 Nature and level of risks arising from financial instruments

Credit risk

As at 31 December 2024 and 31 December 2023, the sectoral distribution of factoring receivables is presented in Note 6. As at the end of the reporting period, the Company's credit risk is not concentrated in a specific sector.

	Faktoring alacakları		
31 Aralık 2024	**İlişkili Taraf**	**Diğer Taraf**	**Bankalardaki Mevduat**
Maximum credit risk exposure as of the reporting date(*)	-	9.868.501	586.442
- The portion of maximum risk under guarantee with collaterals, etc.	-	9.868.501	586.442
A. Net carrying value of financial assets that are neither past due nor impaired	-	9.841.765	-
- Portion secured with collateral, etc.	-	9.841.765	-
- General provision(**)	-	(12.474)	-
B. The conditions of which have been renegotiated, otherwise carrying value of financial assets that are past due or impaired	-	-	-
- Portion secured with collateral, etc.	-	-	-
C. Net carrying value of assets that are past due but not impaired	-	-	-
- Portion secured with collateral, etc.	-	-	-
D. Net carrying value of impaired assets	-	-	-
- Past due (gross carrying value)	-	147.974	-
- Impairment (-)	-	(121.238)	-
- Portion of net value under guarantee with collateral, etc.(***)	-	26.736	-
- Not overdue (gross carrying value)	-	-	-
- Impairment (-)	-	-	-
- The part of net value under guarantee with collaterals, etc.	-	-	-
E. Off-balance sheet items with off-balance sheet credit risk	-	-	-

(*) In determining the amounts, factors that increase credit reliability, such as guarantees received, are not taken into consideration.

(**) As a result of the re-evaluation of the Company's ability to collect certain factoring receivables that were not impaired in 2024 within the scope of the restructuring agreement, a general provision amounting to 12.474 TL has been provided (Note 15).

(***) Amount includes collateral amounts of impaired assets that are past due.

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

29 Nature and level of risks arising from financial instruments

Credit risk (continued)

	Factoring receivables		
31 December 2023	**Related party**	**Other party**	**Deposits in banks**
Maximum credit risk exposure as of the reporting date(*)	-	6.281.384	263.623
- The portion of maximum risk under guarantee with collaterals, etc.	-	6.281.384	263.623
A. Net carrying value of financial assets that are neither past due nor impaired	-	6.261.460	-
- Portion secured with collateral, etc.	-	6.261.460	-
B. The conditions of which have been renegotiated, otherwise carrying value of financial assets that are past due or impaired	-	-	-
- Portion secured with collateral, etc.	-	-	-
C. Net carrying value of assets that are past due but not impaired	-	-	-
- Portion secured with collateral, etc.	-	-	-
D. Net carrying value of impaired assets	-	-	-
- Past due (gross carrying value)	-	61.032	-
- Impairment (-)	-	(41.108)	-
- Portion of net value under guarantee with collaterals, etc.(**)	-	19.924	-
- Not overdue (gross carrying value)	-	-	-
- Impairment (-)	-	-	-
- The part of net value under guarantee with collaterals, etc.	-	-	-

E. Off statement of financial position items with credit risk - - -

(*) In determining the amounts, factors that increase credit reliability, such as guarantees received, are not taken into consideration.
(**) Amount includes collateral amounts of overdue impaired assets.

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

29 Nature and level of risks arising from financial instruments

Liquidity risk (continued)
The following table provides an analysis of the Company's financial liabilities by appropriate maturity grouping based on the remaining period until the maturity date of the contract as of the reporting date. Cash outflows in accordance with the contractual/expected maturity stated in the table are contractual discounted cash flows:

			31 Aralık 2024			
Maturities according to the contract	**Book Value**	**Cash in accordance with the contract output total**	**From 3 months short**	**Between 3 months 1 year**	**Between 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 payables	33.256	33.256	33.256	-	-	-
Rentals	4.482	6.318	6.318	-	-	-
payables from transactions	70.985	70.985	70.985	-	-	-

			31 December 2023			
Maturities according to the contract	**Book Value**	**Total cash outflow in accordance with the contract**	**From 3 months short**	**Between 3 months 1 year**	**Between 1 year 5 years**	**Over 5 Years**
Non-Derivative Financial Liabilities	**5.546.790**	**5.999.505**	**3.517.032**	**2.482.473**	**-**	**-**
Loans received	5.491.402	5.943.248	3.460.775	2.482.473	-	-
Factoring payables	16.981	16.981	16.981	-	-	-
Rentals	2.600	3.469	3.469	-	-	-
payables from transactions	35.807	35.807	35.807	-	-	-

Market risk
As at 31 December 2024 and 31 December 2023, the weighted average effective interest rates applied to financial instruments are as follows

	2024				2023			
	TL	**EUR**	**USD**	**GBP**	**TL**	**EUR**	**USD**	**GBP**
Assets								
Factoring receivables	%58,64	%9,51	%11,10	-	%48,36	%8,05	%12	-
Liabilities								
Loans received	%49,58	%6,37	-	-	%42,95	%4,81	%10,76	-
Payables from leasing transactions	%45	-	-	-	%39,20	-	-	-

As at 31 December 2024 and 31 December 2023, the Company's interest rate sensitive financial instruments are as follows

Fixed Rate	**31 December 2024**	**31 December 2023**
Financial Assets		
Factoring receivables (Net)	9.868.501	6.281.384
Financial Liabilities		
Loans received	8.686.105	5.491.402
Factoring payables	33.256	16.981
Payables from leasing transactions	4.482	2.600

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

29 Nature and level of risks arising from financial instruments (continued)

Interest rate risk sensitivity analysis

As at 31 December 2024, the Company has no floating interest rate instruments (31 December 2023: None).
Foreign currency risk
The Company's exposure to foreign currency risk arises from the difference between assets denominated in foreign currencies and indexed to foreign currencies and liabilities denominated in foreign currencies and indexed to foreign currencies. The Company has a closed foreign currency position as of 31 December 2024. Foreign exchange gains and losses arising from foreign currency transactions are recognised in the period in which the transaction is made. At the end of the period, the balances of foreign currency assets and liabilities are translated into TL at period-end exchange rates and the resulting exchange differences are recognised as foreign exchange gains or losses.
As at 31 December 2024 and 31 December 2023, TL equivalents of foreign currency assets and liabilities held by the Company are as follows

31 December 2024	USD Dollars	Euro	Other Currencies	Sum
Factoring receivables and non-performing receivables	560.537	570.482	37	1.131.056
Cash and cash equivalents	3.936	4.237	610	8.783
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
Other liabilities	2.298	3.639	-	5.937
Factoring payables	-	-	-	-
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**

31 December 2023	ABD Doları	Avro	Diğer para birimleri	Toplam
Factoring receivables and non-performing receivables	2.698	215.336	18	218.052
Cash and cash equivalents	148	4.270	408	4.826
Other assets	-	-	-	-
Total foreign currency assets	**2.846**	**219.606**	**426**	**222.878**
Loans received	-	169.490	-	169.490
Factoring payables	-	1	-	1
Other liabilities	146	1.404	-	1.550
Total foreign currency liabilities	**146**	**170.895**	**-**	**171.041**
Balance sheet position	**2.700**	**48.711**	**426**	**51.837**
Off-balance sheet position	**-**	**-**	**-**	**-**
Net foreign currency position	**2.700**	**48.711**	**426**	**51.837**

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

29 Nature and level of risks arising from financial instruments (continued)

Exchange rate risk (continued)

December December2024 and December 2023, due to the 20 percent depreciation of TL against the following currencies, the decreases that will occur in the income statement (excluding tax effect) are shown in the table below. This analysis has been prepared with the assumption that all other variables, especially interest rates, remain constant. If the TL gains 20 percent against the relevant currencies, the effect will be in the opposite direction and the same amount.

	1 January – 31 December 2024	**1 January – 31 December 2023**
USD Dollars	6.765	540
Euro	14.522	9.742
Other	129	85
Sum	**21.416**	**10.367**

Capital management

The company aims to increase its profit by using the debt and equity balance in the most efficient way in capital management, on the one hand, while trying to ensure the continuity of its activities, on the other hand. The capital structure of the Company consists of liabilities and equity items including issued capital, capital reserves and profit reserves described in note 18.

Along with the Company's cost of capital, the risks associated with each capital class are evaluated by the Company's senior management. During these reviews, senior management evaluates the risks that may be associated with each capital class along with the cost of capital and presents those that depend on the decision of the Board of Directors to the Board of Directors for evaluation.

The Company's overall strategy does not differ from the previous period.

As of 31 December 2024 and 31 December 2023 , the ratio of shareholders' equity to liabilities is as follows:

	31 December2024	**31 December 2023**
The total debt is:	8.719.361	5.508.383
Less: Cash and cash equivalents	586.442	263.623
Net debt	**8.132.919**	**5.244.760**
Total shareholders' equity	**1.734.169**	**1.036.414**
Equity to debt ratio	**%21**	**%20**

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

29 Nature and level of risks arising from financial instruments (continued)

Fair value of financial instruments
The Company's receivables from banks and factoring receivables, including loans received, are carried at amortised cost using the effective interest method. The fair value of borrowings and factoring receivables is calculated by discounting the future cash flows of these financial instruments to their present value using market interest rates prevailing at the balance sheet date.
The Company management estimates that the fair values of financial assets and liabilities carried at cost, such as cash and cash equivalents, factoring payables, lease payables and other liabilities are approximately equal to their carrying values due to their short maturities.
The following table presents a comparison of the carrying value and fair value of financial instruments in the financial statements:

	31 December 2024			
	Shown at amortised cost financial assets	**Other comprehensive income at fair value financial assets reflected in income**	**Shown at amortised cost financial liabilities**	**Fair value**
Financial assets				
Cash and cash equivalents (Note 5)	586.442	-	-	586.442
Factoring receivables, Net	9.868.501	-	-	10.410.920
Financial liabilities				
Loans received	-	-	8.686.105	8.842.365
Factoring payables	-	-	33.256	33.256
Payables from leasing transactions	-	-	4.482	4.482
Other liabilities	-	-	70.985	70.985

	31 Aralık 2023			
	Shown at amortised cost financial assets	**Other comprehensive income at fair value financial assets reflected in income**	**Shown at amortised cost financial liabilities**	**Fair value**
Financial assets				
Cash and cash equivalents (Note 5)	263.623	-	-	263.623
Factoring receivables, Net	6.281.384	-	-	6.281.384
Financial liabilities				
Loans received	-	-	5.491.402	5.491.402
Factoring payables	-	-	16.981	16.981
Payables from leasing transactions	-	-	2.600	2.600
Other liabilities	-	-	35.807	35.807

30 Other issues

On 15 October 2019, the United States Attorney's Office for the Southern District of New York of the United States Department of Justice filed an indictment against the Bank, repeating the allegations made in the Iran sanctions violation case against the former executive of the Parent Bank ('Bank').

The Bank initially applied to the District Court on 4 November 2019 and requested a special sessio n hearing to discuss the objection to personal jurisdiction and recusal of the judge. The District Court rejected the request for a special session on 5 December 2019. On 17 December 2019, the Bank appealed the decision of the District Court to the Second Court of Appeal. The Second Court of Appeal rejected the Bank's appeal on 21 February 2020.

At the meeting of the Bank's Board of Directors held on 27 March 2020, it was decided that the Bank's representatives will attend the hearing before the District Court on 31 March 2020, the case notification will be accepted and Williams&Connolly law firm will be appointed to represent the Bank during the litigation process.
At the hearing held before the District Court on 31 March 2020, it was decided to postpone the hearing first to 9 June 2020 and then to 30 June 2020 due to the COVID-19 outbreak on a global scale.

At the hearing held before the District Court on 30 June 2020, the timetable regarding the objection to the recusal of the judge, requests for evidence and the submission of other requests was determined, and it was decided to hold the jury trial on 1 March 2021, but the trial calendar was revised on 26 October 2020. Accordingly, it has been decided that the jury trial will start on 3 May 2021. In this context, the Bank submitted its motion for recusal of the judge to the District Court on 14 July 2020 and other motions for dismissal of the indictment on 10 August 2020.
The Bank's request for recusal of the judge was rejected by the District Court on 24 August 2020 and by the Second Court of Appeal on 23 December 2020.
The Bank's motion to dismiss the indictment was rejected by the District Court on 1 October 2020. The Bank appealed to the Second Court of Appeal against the dismissal on the grounds that the Bank is entitled to sovereign immunity under both the FSIA (Foreign Sovereign Immunity Act) and customary law. On 23 December 2020, the Second Court of Appeal accepted the Bank's appeal for consideration on the merits and at the same time granted a stay of the District Court proceedings. An oral argument hearing was held before the Second Court of Appeal on 12 April 2021 and the Court rejected the Bank's appeal on 22 October 2021. On 5 November 2021, the Bank requested the General Assembly of the Second Court of Appeal to reconsider its decision. The Court rejected this request on 15 December 2021.
In the meantime, the Bank requested the Second Court of Appeal to stay the transfer of the case back to the District Court, as the Bank would appeal the sovereign immunity issue to the Supreme Court of the United States. This request was accepted by the Second Court of Appeal on 14 January 2022. The legal process in the District Court has been suspended until the US Supreme Court process is completed.

The Bank filed its petition for appeal under sovereign immunity to the US Supreme Court on 13 May 2022.
The Bank's appeal petition was responded to by the Solicitor General of the US Department of Justice on 18 July 2022, the reciprocal petition process was completed on 2 August 2022.

30 Other Issues (continue)

The US Supreme Court considered the Bank's appeal on 28 September 2022 and issued its decision accepting the appeal on 3 October 2022. Following the acceptance of the appeal, the Bank submitted its appeal petition to the Court on 14 November 2022. Following the Bank's appeal, the Attorney General's Office of the US Department of Justice filed a reply brief on 14 December 2022. On 6 January 2023, the petition process was completed with the submission of the Bank's reply to the reply petition to the Court. On 17 January 2023, an oral defence hearing was held before the Court.

The Supreme Court issued its reasoned decision on the Bank's sovereign immunity appeal on 19 April 2023. Accordingly, it was ruled that the FSIA is applicable only in civil cases and not in criminal cases. On the other hand, the Court ruled that the Second Appeal had not fully considered the Bank's sovereign immunity position in terms of customary law and remanded the case to the Second Appeal for reconsideration.

Upon reconsideration, the US Court of Appeals for the Second Circuit, by its decision dated 22 October 2024, upheld the decision of the District Court, rejecting the Bank's claim of immunity at common law. The Bank has declared that it will exercise all its legal rights to appeal the decision of the Second Court of Appeals dated 22 October 2024, in particular before the US Supreme Court.

Accordingly, the Bank submitted a 'request for reconsideration' to the Second Court of Appeal on 4 November 2024. On 06 December 2024, the Second Court of Appeal rejected the Bank's petition for re-examination of the case. On 12 December 2024, the Bank submitted a request to the Second Court of Appeal to stay the publication of the judgment. On 18 December 2024, this motion was granted and the publication of the judgment was stayed pending the filing and determination of the Bank's petition for a writ of certiorari to the US Supreme Court. Currently, the Bank is in the process of filing a petition for a writ of certiorari with the US Supreme Court.

If, as a result of the appeal proceedings, the Bank is found to be entitled to sovereign immunity under customary law, the case will be dismissed without going to trial. If the decision is unfavourable, the Court will remand the case to the District Court for the Southern District of New York, without prejudice to the Bank's rights of appeal, and in such a case, the District Court will be required to establish a new case schedule for trial.

In addition, on 27 March 2020, a civil lawsuit (Owens or the first civil lawsuit) was filed by a group of plaintiffs in the U.S. District Court for the Southern District of New York, seeking damages against the Bank 'for failure to collect their receivables from Iran due to alleged sanctions violations'. The related lawsuit was notified to the Bank's lawyers on 1 July 2020. On 25 September 2020, the Bank submitted its petition to the court that the complainants' complaint should be dismissed and therefore the case should be dismissed. The mutual petition process in this context was completed on 16 December 2020. On 16 February 2021, the District Court conditionally dismissed the case by accepting the Bank's objection for lack of jurisdiction within the scope of the motion to dismiss, and the case file in the District Court was closed on 3 March 2021.

On 30 June 2021, the claimants appealed the decision of the District Court to the Second Court of Appeal. Following the completion of the mutual petition process, an oral defence hearing took place before the Second Court of Appeal on 13 October 2022. On 2 May 2023, the Second Court of Appeal ruled in favour of the Bank and dismissed the civil lawsuit for damages. In order to appeal the decision of the Second Court of Appeals, the plaintiffs filed an application to the US Supreme Court on 30 August 2023. The US Supreme Court heard the appeal on 5 January 2024 and issued its decision dismissing the claimants' claim on 8 January 2024. Accordingly, the Owens lawsuit filed against the Bank on 27 March 2020 was finally dismissed.

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

30 Other Issues (continue)

Finally, on July 26, 2023, 151 plaintiffs filed a complaint in the U.S. District Court for the Southern District of New York in a new civil action (the Hughes or second civil action) against the Bank seeking damages similar to the Owens action. Service of the lawsuit took place on October 1, 2023. According to the complaint, the complainants seek to establish a connection between certain grievances they have suffered in various countries and the alleged allegations in the present criminal case against the Bank, which was filed on October 15, 2019, and seek an award of damages from the Court to the extent permitted by law.

On December 22, 2023, the Bank filed its motion to dismiss the case with the District Court and the cross-petition period ended on April 22, 2024. On May 1, 2024, the District Court, upon the request of the Prosecutor's Office, ruled to suspend all judicial proceedings in the civil case in question until the criminal case against the Bank is concluded. Therefore, the Hughes case is suspended until the final judgment is rendered in the criminal case against the Bank.

The Bank closely monitors the proceedings of both criminal and civil lawsuits through specialized US law firms.

31 The Company's explanation on the fees for the services provided by independent audit firms, prepared in accordance with the Board Decision of KGK- POA published in the Official Gazette dated 30 March 2021 and based on the POA letter dated 19 August 2021, is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Independent audit fee for the reporting period	2.600	790
Total	**2.600**	**790**

32 **Issues after the reporting period**

None

Tercüme ediLmek üzere bana verilen TÜRKÇE dilindeki belgeyi İNGİLİZCE diline tam ve doğru olarak çevirdiğimi beyan ederim	Bu tercüme Noter – Adli Yeminli Mütercim Tercümanı 36571684448 T.C. kimlik numaralı Çiğdem MERCAN Tarafından TÜRKÇE dilinden İNGİLİZCE'ye tercüme edildiğini onaylarım2025 yılı NİSAN Ayının Yirmidördüncü günü 24/04/2025
I declare that I have translated the TURKISH Language document submitted to me for translation into ENGLISH language completely and correctly.	

Yeminli Tercüman / Certified Translator

Çiğdem MERCAN

T.C. No:36571684448

Atakent M.221.sk. Rota Office A bl. 3/1-17 K.Çekmece -Istanbul

NOTER YEMİNLİ - ADLİ TERCÜME
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