

DENİZ FAKTORİNG A.Ş.

FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2024 AND
INDEPENDENT AUDITORS' REPORT

(CONVENIENCE TRANSLATION OF THE
INDEPENDENT AUDITOR'S REPORT
AND THE FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Deniz Faktoring A.Ş.

A. Report on the Audit of the Financial Statements

1. Opinion

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the “Communiqué on Financial Leasing, Factoring and Uniform Chart of Accounts which shall be applied by Finance Companies” published in the Official Gazette dated 24 December 2013 with numbered 28861, and Regulation, Communiqué and Circular on Accounting Policies of Financial Leasing, Factoring and Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority (“BRSA”) together referred as “BRSA Accounting and Financial Reporting Legislation” and Turkish Financial Reporting Standards (“TFRS”) for the matters not legislated by the aforementioned regulations.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing (“SIA”) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (“Code of Ethics”) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Matters

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

Key audit matter	How the matter was addressed in the audit
<p>Impairment of receivables from factoring transactions</p> <p>In the Company's financial statements as at 31 December 2024, the total of factoring receivables, which has a share of 92% in assets, is TL thousand 18,522,677 and there is a total of TL 480,560 thousand provisions set aside accordingly.</p> <p>The Company accounts its factoring receivables (receivables) and losses on receivables in accordance with TFRS 9 Financial Instruments Standard (Standard).</p> <p>In this framework, the method of making provisions for factoring receivables set aside within the framework of the relevant legislation of the BRSA, which is explained in detail in the accounting policy of the Second Section, has been implemented by applying the expected loan/receivable losses model within the application of TFRS 9. The estimate of expected loan/credit losses should be unbiased, probability-weighted, and contain supportable information about forecasts of past events, current conditions, and future economic conditions.</p> <p>The Company takes decisions by using important judgments, interpretations and assumptions while calculating the amount of impairment for receivables from factoring transactions. These judgments, interpretations and assumptions are of key importance in the development of financial models applied to measure expected credit/receivable losses on receivables from factoring transactions.</p>	<p>The following procedures have been performed as a part of our audit:</p> <p>The design of the key controls applied by the Company regarding the classification of factoring receivables, determination of impairment and impairment calculations have been assessed and tested.</p> <p>In order to determine whether the factoring receivables are impaired or not and to determine whether the provision for impairment of the factoring receivables has been established on time and in accordance with the standard, receivables examination review has been carried out by subjecting the samples selected from the factoring receivables to audit tests.</p> <p>Considering whether the inputs and assumptions are reasonable, the relationship between the assumptions, and whether the assumptions are interconnected and internally consistent, whether the assumptions are appropriately reflected, whether market information and allowances appear reasonable when considered together with other assumptions, including all accounting estimates the relevant inputs and assumptions used by management for each stage of expected loan/losses calculation have been tested.</p> <p>Historical loss data has been tested to see the completeness and accuracy of key parameters.</p> <p>The mathematical integrity of each step of the calculation of the relevant inputs and expected loan/receivable loss calculations that enable the model to be applied has been tested.</p>

Key audit matter	How the matter was addressed in the audit
<p>Failure to fulfill the requirements specified in TFRS 9 poses a potential risk for the Company. The mentioned risk is that the factoring receivables that are impaired cannot be identified and that a reasonable impairment provision is not set aside for the related factoring receivables. Therefore, the impairment of these factoring receivables is considered as a key audit matter.</p> <p>Information on provisions for factoring receivables in the financial statements is explained in Note 5.</p>	<p>In discussions with the Company management, the reasonableness of the underlying assumptions and all other judgements underlying the impairment calculations have been assessed.</p> <p>The reasonableness of the provisions set aside for receivables from factoring transactions, which are evaluated as individual due to the practice of the Company, was checked with the assumptions and estimations within the selected examples, as well as supportable data, and evaluated within the framework of the negotiations with the Company management.</p> <p>Our experts participate in all work related to model and individual valuation assumptions.</p> <p>In the financial statements of the Company, Notes in TFRS 9 regarding factoring receivables and related impairment have been checked.</p>

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

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

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

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



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

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

Our objectives are 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 is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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 not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

5. Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Report on Other Legal and Regulatory Requirements

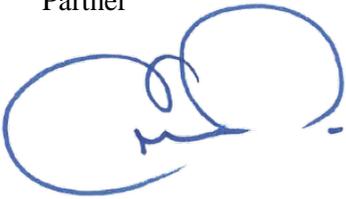
In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January - 31 December 2024 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Erdem Taş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Erdem Taş
Partner



27 January 2025
İstanbul, Türkiye

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Deniz Faktoring A.Ş.

Financial position (Balance sheet) as of 31 December 2024 and 2023

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

ASSETS	Notes	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
		TL	FC	Total	TL	FC	Total
I. CASH AND CASH EQUIVALENTS and CENTRAL BANK	3	134,462	162,916	297,378	138,324	75,337	213,661
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	4	1,438,547	-	1,438,547	889,244	-	889,244
I. DERIVATIVE FINANCIAL ASSETS	7	10,835	-	10,835	20,443	-	20,443
IV. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)		-	-	-	-	-	-
V. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)	5	14,517,236	3,524,881	18,042,117	13,046,016	2,261,262	15,307,278
5.1 Factoring Receivables	5	14,527,957	3,578,798	18,106,755	13,173,739	2,433,715	15,607,454
5.1.1 Discounted Factoring Receivables (Net)		6,021,191	649,872	6,671,063	6,587,956	312,789	6,900,745
5.1.2 Other Factoring Receivables		8,506,766	2,928,926	11,435,692	6,585,783	2,120,926	8,706,709
5.2 Savings Financing Receivables		-	-	-	-	-	-
5.2.1 From Savings Pool		-	-	-	-	-	-
5.2.2 From Equity		-	-	-	-	-	-
5.3 Financing Loans		-	-	-	-	-	-
5.3.1 Consumer Loans		-	-	-	-	-	-
5.3.2 Credit Cards		-	-	-	-	-	-
5.3.3 Installment Commercial Loans		-	-	-	-	-	-
5.4 Lease Receivables (Net)		-	-	-	-	-	-
5.4.1 Finance Lease Receivables		-	-	-	-	-	-
5.4.2 Operational Lease Receivables		-	-	-	-	-	-
5.4.3 Unearned Income (-)		-	-	-	-	-	-
5.5 Other Financial Assets Measured at Amortized Cost		-	-	-	-	-	-
5.6 Non-Performing Receivables	5	413,294	2,628	415,922	164,849	15,943	180,792
5.7 Expected Loss Provisions/Specific Provisions (-)		(424,015)	(56,545)	(480,560)	(292,572)	(188,396)	(480,968)
VI. EQUITY INVESTMENTS		-	-	-	-	-	-
6.1 Associates (Net)		-	-	-	-	-	-
6.2 Subsidiaries (Net)		-	-	-	-	-	-
6.3 Joint Ventures (Net)		-	-	-	-	-	-
VII. TANGIBLE ASSETS (Net)	10	2,966	-	2,966	5,525	-	5,525
VIII. INTANGIBLE ASSETS (Net)	11	66,219	-	66,219	29,632	-	29,632
IX. INVESTMENT PROPERTIES (Net)		-	-	-	-	-	-
X. CURRENT TAX ASSET		-	-	-	-	-	-
XI. DEFERRED TAX ASSET	12	275,916	-	275,916	141,465	-	141,465
XII. OTHER ASSETS	14	44,991	1,678	46,669	45,221	374	45,595
SUBTOTAL		16,491,172	3,689,475	20,180,647	14,315,870	2,336,973	16,652,843
XIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Assets Held for Sale		-	-	-	-	-	-
13.2 Assets of Discontinued Operations		-	-	-	-	-	-
TOTAL ASSETS		16,491,172	3,689,475	20,180,647	14,315,870	2,336,973	16,652,843

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

Deniz Faktoring A.Ş.

Financial position (Balance sheet) as of 31 December 2024 and 2023

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

LIABILITIES	Notes	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
		TL	FC	Total	TL	FC	Total
I. FUNDS BORROWED	6	2,134,164	6,568,633	8,702,797	6,213,405	4,167,303	10,380,708
II. FACTORING LIABILITIES		23,073	299	23,372	39,161	213	39,374
III. LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV. LEASE LIABILITIES		2,724	-	2,724	6,262	-	6,262
V. DEBT SECURITIES ISSUED (Net)	13	3,237,110	1,962,098	5,199,208	2,482,444	-	2,482,444
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	7	618,160	-	618,160	5,522	-	5,522
VIII. PROVISIONS	9	92,697	-	92,697	66,983	-	66,983
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserves for Employee Benefits		31,275	-	31,275	15,567	-	15,567
8.3 General Provisions		-	-	-	-	-	-
8.4 Other Provisions		61,422	-	61,422	51,416	-	51,416
IX. CURRENT TAX LIABILITY	20	181,717	-	181,717	97,730	-	97,730
X. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI. SUBORDINATED DEBT INSTRUMENTS		-	-	-	-	-	-
XII. OTHER LIABILITIES	8	50,252	1,893	52,145	44,476	1,866	46,342
SUBTOTAL		6,339,897	8,532,923	14,872,820	8,955,983	4,169,382	13,125,365
XIII. PAYABLES RELATED TO NON-CURRENT ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SHAREHOLDERS' EQUITY	15	5,307,827	-	5,307,827	3,527,478	-	3,527,478
14.1 Paid in Capital		2,490,000	-	2,490,000	2,490,000	-	2,490,000
14.2 Capital Reserves		-	-	-	-	-	-
14.2.1 Share Issue Premiums		-	-	-	-	-	-
14.2.2 Share Cancellation Profit		-	-	-	-	-	-
14.2.3 Other Capital Reserves		-	-	-	-	-	-
14.3 Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		(3,900)	-	(3,900)	(1,227)	-	(1,227)
14.4 Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss		-	-	-	-	-	-
14.5 Profit Reserves		1,038,705	-	1,038,705	65,280	-	65,280
14.5.1 Legal Reserves		112,940	-	112,940	64,269	-	64,269
14.5.2 Statutory Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		925,765	-	925,765	1,011	-	1,011
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		1,783,022	-	1,783,022	973,425	-	973,425
14.6.1 Prior Periods' Profit or Loss		-	-	-	-	-	-
14.6.2 Current Period Net Profit or Loss		1,783,022	-	1,783,022	973,425	-	973,425
TOTAL LIABILITIES		11,647,724	8,532,923	20,180,647	12,483,461	4,169,382	16,652,843

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

Deniz Faktoring A.Ş.

Statement of off-balance sheet items as of 31 December 2024 and 2023

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

Off-balance Sheet Items	Notes	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
		TL	FC	Total	TL	FC	Total
I Irrevocable factoring transactions	5	588,784	432,433	1,021,217	232,953	354,107	587,060
II Revocable factoring transactions	5	7,898,103	129,284	8,027,387	8,236,302	67,977	8,304,279
III Savings Financing Contracts Transactions		-	-	-	-	-	-
IV Collaterals received		234,968,882	60,405,159	295,374,041	152,499,580	42,586,141	195,085,721
V Collaterals given	25	3,678,794	-	3,678,794	2,586,290	-	2,586,290
VI Commitments		-	-	-	-	-	-
6.1 Irrevocable commitments		-	-	-	-	-	-
6.2 Revocable commitments		-	-	-	-	-	-
6.2.1 Lease commitments		-	-	-	-	-	-
6.2.1.1 Finance lease commitments		-	-	-	-	-	-
6.2.1.2 Operational lease commitments		-	-	-	-	-	-
6.2.2 Other revocable commitments		-	-	-	-	-	-
VII Derivative financial instruments	24	125,885,607	25,203,509	151,089,116	1,903,831	1,820,881	3,724,712
7.1 Derivative financial instruments for hedging purposes		-	-	-	-	-	-
7.1.1 Fair value hedges		-	-	-	-	-	-
7.1.2 Cash flow hedges		-	-	-	-	-	-
7.1.3 Net foreign investment hedges		-	-	-	-	-	-
7.2 Transactions for trading		125,885,607	25,203,509	151,089,116	1,903,831	1,820,881	3,724,712
7.2.1 Forward buy sale transactions		-	-	-	-	-	-
7.2.2 Swap purchases/sales		5,861,936	6,562,549	12,424,485	1,903,831	1,820,881	3,724,712
7.2.3 Put/call options		-	-	-	-	-	-
7.2.4 Futures purchases/sales		-	-	-	-	-	-
7.2.5 Others		120,023,671	18,640,960	138,664,631	-	-	-
VIII Items held in custody	5	9,782,441	1,430,262	11,212,703	7,891,106	893,321	8,784,427
TOTAL OFF-BALANCE SHEET ITEMS		382,802,611	87,600,647	470,403,258	173,350,062	45,722,427	219,072,489

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

Deniz Faktoring A.Ş.

Statement of profit or loss for the years ended 31 December 2024 and 2023

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

STATEMENT OF PROFIT OR LOSS	Notes	Audited Current Period 1 January 2024 - 31 December 2024	Audited Prior Period 1 January 2023 - 31 December 2023
I. OPERATING INCOME		7,221,005	3,511,119
FACTORING INCOME	16	7,221,005	3,511,119
1.1 Interest Received from Factoring Receivables		7,204,871	3,144,002
1.1.1 Discounted		3,193,680	1,573,611
1.1.2 Other		4,011,191	1,570,391
1.2 Fees and Commissions Received from Factoring Receivables		16,134	367,117
1.2.1 Discounted		7,306	296,942
1.2.2 Other		8,828	70,175
INCOME FROM FINANCING LOANS		-	-
1.3 Interest Received from Finance Loans		-	-
1.4 Fees and Commissions Received from Finance Loans		-	-
LEASE INCOME		-	-
1.5 Financial Lease Income		-	-
1.6 Operating Lease Income		-	-
1.7 Fees and Commissions Received from Lease Transactions		-	-
SAVINGS FINANCING INCOME		-	-
1.8 Profit Share from Savings Financing Receivables		-	-
1.9 Fees and Commissions Received from Savings Financing Receivables		-	-
II. FINANCIAL EXPENSES (-)	22	3,299,735	2,122,470
2.1 Profit Share Given on Savings Fund Pool		-	-
2.2 Interest Expenses on Funds Borrowed		1,720,310	1,921,843
2.3 Interest Expenses on Factoring Payables		-	-
2.4 Financial Lease Expenses		2,151	2,092
2.5 Interest Expenses on Securities Issues		1,521,345	150,283
2.6 Other Interest Expenses		-	-
2.7 Fees and Commissions Given		55,929	48,252
III. GROSS PROFIT/LOSS (I-II)		3,921,270	1,388,649
IV. OPERATING EXPENSES (-)	18	238,390	128,757
4.1 Personnel Expenses		125,379	57,199
4.2 Provision Expense for Employment Termination Benefits		1,312	4,278
4.3 Research and Development Expenses		-	-
4.4 General Administration Expenses		111,699	67,280
4.5 Other		-	-
V. OPERATING GROSS PROFIT/LOSS (III+IV)		3,682,880	1,259,892
VI. OTHER OPERATING INCOME	21	21,957,014	29,112,451
6.1 Interest Received from Banks		42,314	115
6.2 Trading Gains on Securities		-	-
6.3 Dividend Income		-	-
6.4 Capital Market Transactions Profit		679,407	163,754
6.5 Derivative Financial Transactions Profit		76,598	-
6.6 Foreign Exchange Gains		21,150,830	28,886,724
6.7 Other		7,865	61,858
VII. PROVISIONS EXPENSES	17	52,809	223,755
7.1 Specific Provisions		-	-
7.2 Expected Loss Provisions		408	205,528
7.3 General Provisions		-	-
7.4 Other		52,401	18,227
VIII. OTHER OPERATING EXPENSES (-)	21	23,277,444	28,848,385
8.1 Impairment Expense on Securities Portfolio		-	-
8.2 Impairment Expenses of Fixed Assets		-	-
8.3 Loss of Capital Market Transactions		-	-
8.4 Loss from Derivative Financial Transaction		1,447,344	6,809
8.5 Foreign Exchange Loss		21,739,114	28,808,133
8.6 Other		90,986	33,443
IX. NET OPERATING INCOME/EXPENSE (V+...+VIII)		2,309,641	1,300,203
X. EXTRA AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XI. SHARES FROM PROFIT AND LOSSES OF INVESTMENT VALUED BY EQUITY METHOD		-	-
XII. NET MONETARY POSITION PROFIT/LOSS		-	-
XIII. PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS (IX+X+XI+XII)		2,309,641	1,300,203
XIV. TAXATION ON INCOME FROM CONTINUING OPERATIONS (±)	20	526,619	326,778
14.1 Current Tax Provision		659,925	405,265
14.2 Deferred Tax Expense Effect (+)		-	-
14.3 Deferred Tax Income Effect (-)	12	133,306	78,487
XV. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)		1,783,022	973,425
XVI. INCOME FROM DISCONTINUED OPERATIONS		-	-
16.1 Income of Non-Current Assets Held for Sale		-	-
16.2 Sale Profit from Associates, Subsidiaries and Joint Ventures		-	-
16.3 Income from Other Discontinued Operations		-	-
XVII. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
17.1 Expenses of Non-Current Assets Held for Sale		-	-
17.2 Expenses Profit from Associates, Subsidiaries and Joint Ventures		-	-
17.3 Expense from Other Discontinued Operations		-	-
XVIII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XVI-XVII)		-	-
XIX. TAXATION ON INCOME FROM DISCONTINUED OPERATIONS (±)		-	-
19.1 Current Tax Provision		-	-
19.2 Deferred Tax Expense Effect (+)		-	-
19.3 Deferred Tax Income Effect (-)		-	-
XX. NET PROFIT/LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS (XVIII±XIX)		-	-
XXI. NET PROFIT/LOSS FOR THE PERIOD (XV+XX)	22	1,783,022	973,425
Earnings/Loss Per Share		-	-

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

Deniz Faktoring A.Ş.**Statement of profit or loss and other comprehensive income
for the periods ended 31 December 2024 and 2023***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)*

	Audited	Audited
	31 December 2024	31 December 2023
I. PROFIT/LOSS FOR THE PERIOD	1,783,022	973,425
II. OTHER COMPREHENSIVE INCOME	(2,673)	958
2.1 Items not to be Reclassified to Profit or Loss	(2,673)	958
2.1.1 Tangible Assets Revaluation Increases/Decreases	-	-
2.1.2 Intangible Assets Revaluation Increases/Decreases	-	-
2.1.3 Gains/Losses on Remeasurement of Defined Benefit Plans	(3,818)	1,160
2.1.4 Other Comprehensive Income not to be Reclassified to Profit or Loss	-	-
2.1.5 Taxation on Comprehensive Income That Will Not Be Reclassified to Profit or Loss	1,145	(202)
2.2 Items to be Reclassified to Profit or Loss	-	-
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Classification Income/Expense of Financial Assets at Fair Value Through Other Comprehensive Income	-	-
2.2.3 Income/Losses on Cash Flow Hedges	-	-
2.2.4 Income/Expense on Investment Operation Abroad Hedges	-	-
2.2.5 Other Comprehensive Income to be Reclassified to Other Profit or Loss	-	-
2.2.6 Taxation on Comprehensive Income That Will Be Reclassified to Profit or Loss	-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)	1,780,349	974,383

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

Deniz Faktoring A.Ş.

Statement of changes in shareholders' equity for the year ended 31 December 2024

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

CHANGES IN EQUITY	Paid-in Capital	Share Issue Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income and Expense That Will Not Be Reclassified Subsequently to Profit or Loss			Accumulated Other Comprehensive Income and Expense That Will Not Be Reclassified Subsequently to Profit or Loss			Profit Reserves	Prior Period Profit / Loss	Net Profit for the Period	Total Equity
					1	2	3	4	5	6				
PRIOR PERIOD (31 December 2023)														
I. Balance at the End of the Prior Period	137,600	-	-	230	-	(2,185)	-	-	-	-	166,952	(3,092)	253,590	553,095
II. Corrections Made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	137,600	-	-	230	-	(2,185)	-	-	-	-	166,952	(3,092)	253,590	553,095
IV. Total Comprehensive Income	-	-	-	-	-	958	-	-	-	-	-	-	-	-
V. Capital Increase in Cash	2,000,000	-	-	-	-	-	-	-	-	-	-	-	973,425	974,383
VI. Capital Increase from Internal Resources	352,400	-	-	(230)	-	-	-	-	-	-	(101,672)	3,092	(253,590)	-
VII. Paid-in Capital Inflation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease due to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividend Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period (III+IV+.....+XI+XII)	2,490,000	-	-	-	-	(1,227)	-	-	-	-	65,280	-	973,425	3,527,478

- (1) Accumulated revaluation increases/decreases of fixed assets.
- (2) Accumulated remeasurement gains / losses of defined benefit plans.
- (3) Other (Accumulated amounts of other comprehensive income of investments valued using the equity method that will not be reclassified to profit or loss and other comprehensive income items that will not be reclassified as other profit or loss)
- (4) Foreign currency translation differences.
- (5) Accumulated revaluation and/or reclassification gains/losses of available-for-sale financial assets.
- (6) Other (Cash flow hedge gains/losses represent the share of other comprehensive income from equity method investments that will be reclassified to profit or loss and the accumulated amounts of other comprehensive income items that will be reclassified as other profit or loss).

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

Deniz Faktoring A.Ş.

Statement of changes in shareholders' equity for the year ended 31 December 2024

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

CHANGES IN EQUITY	Paid-in Capital	Share Issue Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income and Expense That Will Not Be Reclassified Subsequently to Profit or Loss			Accumulated Other Comprehensive Income and Expense That Will Not Be Reclassified Subsequently to Profit or Loss			Profit Reserves	Prior Period Profit / Loss	Net Profit for the Period	Total Equity
					1	2	3	4	5	6				
CURRENT PERIOD (31 December 2023)														
I. Balance at the End of the Prior Period	2,490,000	-	-	-	-	(1,227)	-	-	-	-	65,280	-	973,425	3,527,478
II. Corrections Made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	2,490,000	-	-	-	-	(1,227)	-	-	-	-	65,280	-	973,425	3,527,478
IV. Total Comprehensive Income	-	-	-	-	-	(2,673)	-	-	-	-	-	-	1,783,022	1,780,349
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease due to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividend Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	973,425	-	-	(973,425)	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the period (III+IV+.....+XI+XII)	2,490,000	-	-	-	-	(3,900)	-	-	-	-	1,038,705	-	1,783,022	5,307,827

1) Accumulated revaluation increases/decreases of fixed assets.

2) Accumulated remeasurement gains / losses of defined benefit plans.

3) Other (Accumulated amounts of other comprehensive income of investments valued using the equity method that will not be reclassified to profit or loss and other comprehensive income items that will not be reclassified as other profit or loss)

4) Foreign currency translation differences.

5) Accumulated revaluation and/or reclassification gains/losses of available-for-sale financial assets.

6) Other (Cash flow hedge gains/losses represent the share of other comprehensive income from equity method investments that will be reclassified to profit or loss and the accumulated amounts of other comprehensive income items that will be reclassified as other profit or loss).

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

Deniz Faktoring A.Ş.

Statement of cash flows for the year ended 31 December 2024

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

Statement of Cash Flows		Notes	Audited Current Period 1 January 2024- 31 December 2024	Audited Prior Period 1 January 2023- 31 December 2023
A.	Cash Flows from Operating Activities			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		2,391,977	1,262,265
1.1.1	Interests Received/Leasing Income		7,202,372	3,136,344
1.1.2	Interests Paid/Leasing Expenses		(3,145,275)	(1,968,069)
1.1.3	Dividend Received		(2,151)	-
1.1.4	Fees And Commissions Received		16,134	367,117
1.1.5	Other Income		-	-
1.1.6	Collections From Previously Written-Off Doubtful Receivables		276,533	155,235
1.1.7	Payments To Personnel and Service Suppliers		(125,379)	(57,199)
1.1.8	Taxes Paid		(575,938)	(342,876)
1.1.9	Other		(1,254,319)	(28,287)
1.2	Changes In Operating Assets and Liabilities		(6,661,331)	(5,018,527)
1.2.1	Net (Increase) Decrease In Factoring Receivables		(2,549,611)	(7,873,835)
1.2.2	Net (Increase) Decrease In Finance Loans		-	-
1.2.3	Net (Increase) Decrease In Lease Receivables		-	-
1.2.4	Net (Increase) Decrease In Other Assets		(787,061)	(434,847)
1.2.5	Net Increase (Decrease) In Factoring Payables		(16,002)	24,282
1.2.6	Net Increase (Decrease) In Lease Payables		2,240	9,823
1.2.7	Net Increase (Decrease) In Funds Borrowed		(1,830,220)	3,119,909
1.2.8	Net Increase (Decrease) In Due Payables		-	-
1.2.9	Net Increase (Decrease) In Other Liabilities		(1,480,677)	136,141
I.	Net Cash Flows from Operating Activities		(4,269,354)	(3,756,262)
B.	Cash Flows from Investing Activities		-	-
2.1	Acquisition of Associates, Subsidiaries and Joint Ventures		-	-
2.2	Disposal of Associates, Subsidiaries and Joint Ventures		-	-
2.3	Purchases of Property and Equipment		-	(736)
2.4	Disposals of Property and Equipment		-	-
2.5	Acquired Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.6	Disposed Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.7	Financial Assets Measured at Amortized Cost Purchased		-	-
2.8	Financial Assets Measured at Amortized Cost Sold		-	-
2.9	Other		-	(31,013)
II.	Net Cash Flows from Investing Activities		-	(31,749)
C.	Cash Flows from Financing Activities			
3.1	Cash Obtained from Funds Borrowed and Securities Issued		4,889,417	2,455,000
3.2	Cash Outflows from Funds Borrowed and Securities Issued		(539,151)	(496,971)
3.3	Issued Capital Instruments		-	2,000,000
3.4	Dividend Paid		-	-
3.5	Payments For Finance Leases		(5,778)	(9,983)
3.6	Other		-	-
III.	Net Cash Used in Financing Activities		4,344,488	3,948,046
IV.	Effect of Change in Foreign Exchange Rate On Cash And Cash Equivalents		8,583	33,704
V.	Net Increase in Cash and Cash Equivalents		83,717	193,739
VI.	Cash And Cash Equivalents at The Beginning of The Period		213,661	19,922
VII.	Cash And Cash Equivalents at The End of The Period		297,378	213,661

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

Deniz Faktoring A.Ş.

Statement of profit distribution for the year ended 31 December 2024

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

	Current Period 31 December 2024 (*)	Prior Period 31 December 2023
I. DISTRIBUTION OF CURRENT PROFIT		
1,1 Profit/(loss) for the period	2,309,641	1,300,203
1,2 Taxes and dues payable (-)	(526,619)	(326,778)
1,2,1 Corporate tax (income tax)	(659,925)	(405,265)
1,2,2 Withholding tax	-	-
1,2,3 Other taxes and dues (**)	133,306	78,487
A. NET PROFIT/(LOSS) FOR THE PERIOD (1.1-1.2)	1,783,022	973,425
1,3 Prior years losses (-)	-	-
1,4 First legal reserve (- (-))	-	-
1,5 Other statutory reserves needed to be kept in the company (-)	-	-
B DISTRIBUTABLE NET PROFIT FOR THE PERIOD [(A-1.3-1.4-1.5)]	1,783,022	973,425
1,6 First dividend to shareholders (-)	-	-
1,6,1 To owners of ordinary shares	-	-
1,6,2 To owners of preferred stocks	-	-
1,6,3 To owners of preferred stocks (pre-emptive rights)	-	-
1,6,4 To profit sharing bonds	-	-
1,6,5 To owners of the profit/loss sharing certificates	-	-
1,7 Dividends to personnel (-)	-	-
1,8 Dividends to board of directors (-)	-	-
1,9 Second dividends to shareholders (-)	-	-
1,9,1 To owners of ordinary shares	-	-
1,9,2 To owners of preferred stocks	-	-
1,9,3 To owners of preferred stocks (pre-emptive rights)	-	-
1,9,4 To profit sharing bonds	-	-
1,9,5 To owners of the profit/loss sharing certificates	-	-
1,10 Second legal reserves (-)	-	-
1,11 Status reserves (-)	-	-
1,12 Extraordinary reserves	-	-
1,13 Other reserves	-	-
1,14 Special funds	-	-
II. DISTRIBUTION FROM RESERVES		
2,1 Distributed reserves	-	-
2,2 Second legal reserves (-)	-	-
2,3 Share to shareholders (-)	-	-
2,3,1 To owners of ordinary shares	-	-
2,3,2 To owners of preferred stocks	-	-
2,3,3 To owners of preferred stocks (pre-emptive rights)	-	-
2,3,4 To profit sharing bonds	-	-
2,3,5 To owners of the profit/loss sharing certificates	-	-
2,4 Share to personnel (-)	-	-
2,5 Share to board of directors (-)	-	-
III. EARNINGS PER SHARE		
3,1 To owners of stocks	-	-
3,2 To owners of stocks (%)	-	-
3,3 To owners of preferred stocks	-	-
3,4 To owners of preferred stocks (%)	-	-
IV. DIVIDEND PER SHARE		
4,1 To owners of stocks	-	-
4,2 To owners of stocks (%)	-	-
4,3 To owners of preferred stocks	-	-
4,4 To owners of preferred stocks (%)	-	-

(*) The decision regarding the dividend distribution for 2024 will be taken at the General Assembly meeting. As of the report date, the General Assembly meeting has not been held yet.

(**) Since it is considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be considered as cash or internal resources and therefore the part of the period profit arising from the mentioned assets should not be subject to profit distribution and capital increase, as of 31 December 2024, the deferred tax income/expenses arising from the deferred tax assets of the Company are not taken into account in the calculation of the distributable profit.

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

Deniz Faktoring A.Ş.

Notes to the financial statements as of 31 December 2024

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

1. Organization and operations of the company

Deniz Faktoring A.Ş. ("the Company") was established on 2 July 1998 and started operating in the same year. It provides factoring services to industrial and commercial organizations in Turkey. The headquarters of the Company is at Büyükdere Caddesi No: 141 Kat: 16 Esentepe Şişli/İstanbul.

As of 31 December 2024, 100% of the Company's shares are owned by Denizbank A.Ş. (31 December 2023: 99.99%)

On 22 May 2018, Emirates NBD Bank PJSC (Emirates NBD) and Sberbank of Russia (Sberbank) announced that they have signed a definitive agreement on the sale of 99.85% of the shares owned by Sberbank to Emirates NBD. The share transfer process with the approval of the regulatory authorities of Turkey, Russia, The United Arab Emirates and other countries in which it operates Denizbank was completed on 31 July 2019.

The number of employees as of 31 December 2024 is 65 (31 December 2023: 61).

The Company mainly carries out its factoring activities in a single geographical region (Türkiye).

2. Basis of presentation of the financial statements

2.1 Basis of presentation

2.1.1 Applied accounting standards

The Company maintains its books of account in Thousand Turkish Lira ("TL") in accordance with the communiqué "Uniform Chart of Accounts, Disclosures and Form and Nature of Financial Statements to be Issued By Leasing, Factoring and Consumer Finance Companies" issued by the Banking Regulation and Supervision Agency ("BRSA") in the Official Gazette dated 24 December 2013, numbered 28861 and Regulation, Communique and Circular on Accounting Policies of Financial Leasing, Factoring and Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority ("BRSA") together referred as "BRSA Accounting and Financial Reporting Legislation" and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated BRSA Accounting and Financial Reporting Legislation. Leasing, factoring and consumer finance companies prepares and declares their financial statements in accordance with regulations issued by BRSA.

Financial statements are prepared on the historical cost basis, except for derivative financial instruments and financial assets at fair value.

Approval of financial statements:

The financial statements have been approved by the board of directors and authorized for issue as 27 January 2025. General Assembly and regulatory bodies have the authority to modify the financial statements.

2.1.2 Functional currency

The Company's financial statements are presented in the currency of the primary economic environment in which it operates (the functional currency). The Company's financial position and results of operations are expressed in TL, which is the presentation currency for the financial statements.

2.1.3 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to 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 the financial statements (cont'd)

2.1.4 Going concern

The Company prepared its financial statements considering the going concern principle.

2.2. Changes in accounting policies

2.2.1 Changes in accounting policies

Accounting policy changes resulting from the initial application of a new TAS/IFRS are applied retrospectively and the prior period financial statements are restated in accordance with the transitional provisions of the TAS/IFRS, if any, if there is no transitional provision or if there is an optional material change in the accounting policy.

POA, made an announcement on 23 November 2023 that the financial statements of the entities applying Turkish Financial Reporting Standards and the Financial Reporting Standard for Large and Medium-Sized Enterprises (FRS for LMEs) for the annual reporting period ending on or after 31 December 2024 should be presented as adjusted for the effects of inflation in accordance with the relevant accounting principles in "Turkish Accounting Standard 29 Financial Reporting in Hyperinflationary Economies" and "FRS for LMEs Section 25 Financial Reporting in Hyperinflationary Economies"; However, institutions or organisations authorised to regulate and supervise in their own fields may determine different transition dates for the application of the provisions in TAS 29 or FRS for LMEs. Based on this announcement, BRSA has decided not to subject the financial statements of banks and financial leasing, factoring, financing, savings financing and asset management companies in 2025 to the inflation adjustment required under TAS 29 in accordance with its decision dated 5 December 2024 and numbered 11021.

In this framework, no inflation adjustment has been made in accordance with TAS 29 while preparing the financial statements as of 31 December 2024.

2.2.2 Change in accounting estimates and errors

If changes in accounting estimates are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. There has not been any significant change in the accounting estimates of the Company in the current period. Significant accounting errors identified are applied retrospectively and prior period financial statements are restated.

2.2.3 Comparative information and restatement of prior period financial statements

The financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year financial statements, comparative information is reclassified and significant changes are disclosed if necessary.

2.2.4 Critical Accounting Estimates, Judgments, and Assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates and assumptions are based on the Company management's best knowledge of current events and transactions, actual results may differ from actual results. Estimates are reviewed regularly, adjusted if necessary, and are reflected in the income statement in the period in which they are realised.

2. Basis of presentation of the financial statements (cont'd)

2.2.5 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendment is not expected to have a significant impact on the financial statements of the Company.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

The amendment is not expected to have a significant impact on the financial statements of the Company.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The amendment is not expected to have a significant impact on the financial statements of the Company.

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The amendment is not expected to have a significant impact on the financial statements of the Company.

TSRS 1 *General Requirements for Disclosure of Sustainability-related Financial Information*

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and the Board Decision dated 16 December 2024 amending this announcement. Other entities may voluntarily report in accordance with TSRS.

Notes to the financial statements as of 31 December 2024

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

2. Basis of presentation of the financial statements (cont'd)

2.2.5 New and Amended Turkish Financial Reporting Standards (cont'd)

a) Amendments that are mandatorily effective from 2024 (cont'd)

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information (cont'd)

The amendment is not expected to have a significant impact on the financial statements of the Company.

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and the Board Decision dated 16 December 2024 amending this announcement. Other entities may voluntarily report in accordance with TSRS.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information</i>
Amendments to TAS 21	<i>Lack of Exchangeability</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2026.

The amendment is not expected to have a significant impact on the financial statements of the Company.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 – Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

The amendment is not expected to have a significant impact on the financial statements of the Company.

2. Basis of presentation of the financial statements (cont'd)

2.2.5 New and Amended Turkish Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective (cont'd)

Amendments to TAS 21 *Lack of Exchangeability*

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.6. Summary of significant account policies

The important accounting policies followed in the preparation of the financial statements are summarized below.

Cash and cash equivalents

Cash and cash equivalents are reflected in the balance sheet with their cost values. Cash and cash equivalents include cash on hand, bank deposits, and short-term, highly liquid investments with a definite amount, easily convertible into cash, with an insignificant risk of change in value, and a maturity of 3 months or less (Note 3).

Related parties

In terms of these financial statements, the shareholders of the Company and the institutions that have indirect capital relations with the Company, group companies, members of the board of directors and key managers are defined as "related parties" (Note 23).

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- The person concerned,
- (i) has control or joint control over the reporting entity,
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity,
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture 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 is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a),

2.Basis of presentation of the financial statements (cont'd)

2.6. Summary of significant account policies (cont'd)

Related parties (cont'd)

- (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, regardless of whether a price is charged.

Factoring receivables and impairment

Factoring receivables are financial assets created by providing financing to the debtor. The factoring receivables in question are initially recorded at their acquisition cost and after being recorded, they are valued at their discounted values using the effective interest rate method.

In accordance with "IFRS 9-Financial Instruments" standard, loan loss provision is allocated for expected credit losses on financial assets measured at amortised cost or fair value through other comprehensive income.

Within the scope of IFRS 9, the expected credit loss provision is determined according to the "three-stage" impairment model, the details of which are based on the change in the credit quality of financial assets after the initial recognition and detailed below.

Within the scope of IFRS 9, it is evaluated whether there is a significant increase in the credit risk of the financial instrument within the scope of impairment since it was initially included in the financial statements. When making this assessment, the change in the default risk of the financial instrument is taken into account.

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions. In accordance with IFRS 9, an important measurement in expected credit provision is assessed whether the credit risk on a financial instrument has increased significantly. These financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition:

Stage 1:

Financial assets that do not have a significant increase in credit risk when they are initially included in the financial statements or after the first time they are included in the financial statements. The credit risk impairment provision for these assets is accounted at the expected credit losses over the 12-month default risk. 12-month expected credit loss is calculated on the basis of a default expectation of 12 months following the reporting date.

Stage 2:

Financial assets that experienced a significant increase in the credit risk since initial recognition, are transferred to Stage 2. The expected credit loss of these financial assets are measured at an amount equal to the instrument's lifetime expected credit loss.

In order to classify a financial asset in the second stage, the following criteria is considered:

- Delay of less than 90 days, more than 30 days
- Restructuring of the loan due to payment difficulty.

2.Basis of presentation of the financial statements (cont'd)

2.6. Summary of significant account policies (cont'd)

Factoring receivables and impairment (cont'd)

Stage 3:

Financial assets with sufficient and fair information for impairment at the reporting date, are classified in the third stage. The probability of default is taken into account as 100% in the calculation of impairment provision and the provision is calculated according to the lifetime expected credit loss of the financial asset. For a financial asset to be classified in the third stage, it must have more than 90 days past due.

Other Financial Assets

Financial assets are recognized at fair market value after deducting expenses directly related to the purchase, except for financial assets at fair value through profit or loss and recognized at fair value. Investments are recorded or derecognised on the commercial transaction date, which is subject to a contract with the condition of delivery of investment instruments in accordance with the time period determined by the relevant market. Financial assets are classified as "financial assets at fair value through profit or loss", "financial assets at fair value through other comprehensive income" and "other financial assets measured at amortized cost". Classification is made depending on the nature and purpose of financial assets and is determined during initial recognition.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through the income statement are financial assets held for trading and not acquired for trading purposes, but recognized in this category at initial recognition. A financial asset is classified in this category when it is acquired for the purpose of selling it in the short-term or when it is considered that a more accurate accounting representation will be obtained at initial recognition. Financial assets that constitute derivative products that have not been determined as an effective hedging instrument against financial risk are also classified as financial assets at fair value through profit or loss.

Effective interest method:

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income related to financial assets classified as held-to-maturity and available-for-sale debt instruments and loans and receivables are calculated using the effective interest method.

Assets measured at amortized cost:

Debt instruments with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as assets measured at amortized cost (investments). Assets measured at amortized cost (investments) are recognized by deducting the amount of impairment from the amortized cost using the effective interest method, and the related income is calculated using the effective interest method.

At fair value through other comprehensive income

Listed equity instruments and certain debt securities held by the Company and traded in an active market are classified as assets at fair value through other comprehensive income and are presented at fair value.

2. Basis of presentation of the financial statements (cont'd)

2.6. Summary of significant account policies (cont'd)

Factoring receivables and impairment (cont'd)

At fair value through other comprehensive income (cont'd)

The Company has equity instruments not traded in an active market and not listed on the stock exchange, but are classified as assets at fair value through other comprehensive income and are shown at cost since their fair values cannot be measured reliably. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the financial assets revaluation reserve, except for impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised in the income statement. When the investment is derecognised or impaired, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to the income statement.

Dividends related to equity instruments at fair value through other comprehensive income are recognized in the income statement when the Company's right to receive dividends occurs.

The fair value difference expressed in foreign currency is determined over the fair value of assets recognized in other comprehensive income and translated at the prevailing exchange rate at the end of the reporting period. Foreign exchange gains/losses recognized in the income statement are determined over the amortized cost value of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

The reversal of the receivable occurs when it is foreseen that all or a part of the receivable cannot be collected or if the customer is tied to a certificate of insolvency. With the deletion of the receivable, the previously reserved provision is reversed and the entire receivable is deducted from the asset. In case of collection of a receivable that was written off in previous periods, the relevant amounts are recorded as income.

Loans and other receivables that are deemed to be uncollectible are collected through legal proceedings and the conversion of guarantees into cash, or they are written off from the assets by fulfilling the requirements of the Tax Procedure Law in line with the decision taken by the Board of Directors of the Bank.

Within the scope of the BRSA's "Regulation on Amending the Regulation on the Procedures and Principles Regarding Classification of Loans and Provisions to be Set aside" published in the Official Gazette dated 27 November 2019, the Company deducted its non-performing receivables, which had a principal follow-up balance and a provision balance of TL 70,231 in December 2024.

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets that are held for investment purposes for an indefinite period of time and that can be disposed of according to changes in liquidity requirement, interest, exchange rate or stock prices are classified as Financial Assets at Fair Value Difference to Other Comprehensive Income. Company management makes the classification of such financial assets at the date of purchase.

All financial assets are initially shown at cost, which is the fair value of the consideration, including investment-related acquisition costs. Financial instruments classified as assets at Fair Value Through Other Comprehensive Income after their recognition in the financial statements are evaluated over their fair values as long as it is possible to calculate their fair values reliably. Among the financial assets in which the Company has a capital share of less than 20%, those that are not listed on the stock exchange are valued at the cost value of the financial asset, in cases where a reasonable value estimate cannot be made, and the fair value cannot be measured reliably due to the inapplicability or inoperability of other methods used in calculating the fair value.

2. Basis of presentation of the financial statements (cont'd)

2.6. Summary of significant account policies (cont'd)

Financial Assets at Fair Value Through Other Comprehensive Income (cont'd)

The effect of all changes in fair values is accounted for under equity. If a non-temporary impairment is detected in the fair value of such assets, the effect of such impairment is reflected in the income statement. Accumulated fair value adjustments are transferred to the income statement when these securities are disposed of.

Impairment of non-financial assets

The carrying values of the Company's non-financial assets are reviewed at each reporting date for any indication of impairment. If such an indicator exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use or its fair value less costs to sell. Value in use is calculated by discounting the expected future cash flows of the asset with the time value of money in current market conditions and the internal rate of return before tax, which may reflect the risks of the asset.

Impairments are assessed at each reporting period when there is a decrease in impairment or there are indications that the impairment is not valid. The impairment is reversed if there is a change in the estimates used to determine the recoverable amount.

Interest income and expense

Interest income and expenses are recognized on an accrual basis using the effective interest rate method.

Foreign currency transactions

Transactions expressed in foreign currency are converted into Turkish lira at the exchange rate prevailing at the time of the transaction. Profit and losses resulting from these transactions and the translation of foreign currency indexed monetary assets and liabilities are reflected in the income statement. These balances are valued at period-end exchange rates.

Tangible Assets

All property and equipment are carried at cost, restated equivalent to purchasing power at 31 December 2004, less depreciation. Depreciation is calculated on the restated amounts of property and equipment using the straight-line method over its estimated useful life as follows:

	<u>Year</u>
Furniture and fixtures	3-5
Leasehold improvements	4-8
Vehicles	4-8

If book values of tangible assets are higher than their net achievable values, they are shown in financial statements with their net realizable values. Profit and losses occurring due to sales of tangible assets are determined as a result of comparing the book values and sales price and taken into consideration when determining the operating profit.

Notes to the financial statements as of 31 December 2024

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

2. Basis of presentation of the financial statements (cont'd)

2.6. Summary of significant account policies (cont'd)

Tangible Assets (cont'd)

Subsequent expenditures are capitalized only when it increases the future economic benefit of the asset. All other expenditure is recognized in the income statement on an accrual basis.

Intangible assets

Intangible assets consist of software expenses and are amortized in five years from inflation adjusted costs until 31 December 2004. Maintenance and similar expenses for computer software are reflected in the financial statements as an expense. In addition, expenses that will increase the duration and benefits of the existing computer programs are activated by adding them to the cost of the software. Useful lives of intangible assets are as follows:

	<u>Year</u>
Computer software	3-15

Financial liabilities

Financial liabilities are recognized at their initial cost values with their amounts netted with transaction costs. In the subsequent periods, the present value of the repayment amounts calculated by the effective interest method are reflected in the financial statements and the differences with the initial cost are transferred to the income statement during the maturities of the debts.

Employee benefits

The Company recognizes its obligations regarding employment termination benefit, leave rights and other employee benefits in accordance with the provisions of the "Turkish Accounting Standard for Employee Benefits" ("TAS 19") and classifies them in the "Employee Rights Liability Provision" account in the balance sheet.

The Company is obliged to make a certain lump sum payment to the employees who are dismissed due to retirement or resignation and for reasons other than the behaviors specified in the Labor Law, according to the current Labor laws in Turkey. The provision for employment termination benefit is calculated over the present value of the probable obligation under this Law, using certain actuarial estimates, and reflected in the financial statements (Note 9).

The Company pays compulsory social insurance premiums to the Social Insurance Institution. The Company has no further obligations as long as it pays these premiums. These premiums are reflected in personnel expenses in the period they are accrued.

Provisions contingent assets and liabilities

In order for any provision amount to be recognized in the financial statements, the Company must have a present legal or contractual obligation arising from past events, it is probable that an outflow of resources containing economic benefits to settle this obligation and the amount of the obligation can be estimated reliably. If the aforementioned criteria are not met, the Company discloses the said issues in the relevant financial notes. Where the effect of the time value of money is material, the provision is determined as the present value of the cash outflows expected to be necessary to settle the obligation.

2. Basis of presentation of the financial statements (cont'd)

2.6. Summary of significant account policies (cont'd)

Provisions contingent assets and liabilities (cont'd)

In determining the discount rate to be used in reducing the provisions to their present values, the interest rate in the relevant markets and the risk related to the said liability are taken into account.

Contingent assets are recognized when their realization probability is certain, otherwise they are only disclosed in the notes.

Recognition of income and expense

(i) Fee and commission income

Fees and commissions arising from factoring transactions are reflected in the income statement depending on the duration of the related transaction.

(ii) Dividend income

Dividend income is recorded as income when the Company is entitled to receive dividend payment.

(iii) Other income and other expense

Other income and expenses are recognized on an accrual basis.

(iv) Financial income/(expenses)

Finance income includes interest income and foreign exchange gains. Financial expenses include loan interest expenses, foreign exchange expenses and other finance expenses.

Taxation

Corporate tax

Corporate tax is calculated in accordance with the provisions of the Tax Procedure Law, and tax expenses other than this tax are accounted for in operating expenses.

It is deducted when there is a legal right to set off current tax assets against current tax liabilities, or if such assets and liabilities are associated with income tax collected by the same tax authority.

Deferred taxes

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. If related to assets directly attributed to equity, tax effects are attributed directly to equity account group. In the deferred tax calculation, the tax rates currently valid as of the balance sheet date are used in accordance with the current tax legislation.

When deferred tax liability is calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated considering that it is highly probable to benefit from these differences by generating taxable profit in the future.

2. Basis of presentation of the financial statements (cont'd)

2.6. Summary of significant account policies (cont'd)

Taxation (cont'd)

Deferred taxes (cont'd)

If there is a legally enforceable right to set off current tax assets from current tax liabilities, deferred tax assets and deferred tax liabilities are mutually offset (Note 12).

Deferred tax is calculated at the tax rates applicable at the time assets are created or liabilities are settled.

Earnings per share

In Turkey, companies can increase their capital by distributing shares to existing shareholders from retained earnings and equity inflation adjustment differences in proportion to their shares ("bonus shares"). These bonus shares are counted as issued shares when calculating earnings per share. Therefore, the weighted average number of shares used in the calculation of earnings per share is obtained by retrospectively considering the issued bonus shares.

Derivative financial instruments

Derivative financial instruments are initially reflected to the financial statements with their fair values, including the costs incurred during acquisition, and are revalued over their fair values in the following periods. Although derivative financial instruments are used within the framework of the Company's risk management, they are reflected in the financial statements as derivative financial instruments for trading, since they do not meet the requirements for hedge accounting. Gains and losses arising from changes in the fair values of these instruments are associated with the income statement as other operating income/expenses.

Financial leases

Leases in which a significant portion of the risks and rewards of ownership belong to the lessee are classified as finance leases, while other leases are classified as operating leases.

Finance leased assets are capitalized using the lower of the fair value of the asset at the lease date or the present value of the minimum lease payments. The liability to the lessor is included in the balance sheet as a finance lease liability. Financial leasing payments are divided into finance expense and the principal payment that reduces the leasing obligation, thus ensuring that interest is calculated at a fixed rate on the remaining principal balance of the debt.

Financial expenses are recorded in the profit or loss statement within the scope of the Company's general borrowing policy detailed above. The Company has no financial lease debts.

Payments made under operating leases are recognised in the statement of profit or loss on a straight-line basis over the lease term.

Capital and dividends

Ordinary shares are classified as equity. Dividends distributed on other shares are recorded in the period when declared. Indispensable and unavoidable direct costs incurred in capital increase are classified in the total paid-in capital.

Subsequent events

Events after the balance sheet date (adjusting events) that provide additional information about the Company's status at the balance sheet date are reflected in the financial statements. Non-adjusting events are disclosed in notes if they are of particular importance.

Notes to the financial statements as of 31 December 2024*(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***2. Basis of presentation of the financial statements (cont'd)****2.6. Summary of significant account policies (cont'd)****Subsequent events**

Events after the balance sheet date (adjusting events) that provide additional information about the Company's status at the balance sheet date are reflected in the financial statements. Non-adjusting events are disclosed in notes if they are of particular importance.

2.7. Critical accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of certain critical accounting estimates and assumptions affecting the assets and liabilities disclosed in the balance sheet, or the contingent assets and liabilities, and the income and expenses reported to have been incurred during the period involved. Although based on the best estimates and knowledge of the Company's Management, the actual results may differ from these estimates.

Significant assessments, estimates and assumptions that may have a significant impact on the financial statements and cause significant changes in the carrying values of assets and liabilities in the next year are as follows:

3. Cash equivalents and banks

	Interest Rate	Maturity	31 December 2024	31 December 2023
Cash			-	-
Banks			297,378	213,661
-Demand deposits			150,324	213,661
-Time deposits (TL) (*)	45%	02.01.2025	113,000	-
-Time deposits (FC) (*)	0.5%	02.01.2025	34,054	-
			297,378	213,661

(*) As of 31 December 2024, the Company's bank deposits consist of a time deposit of TL 113,000, a EUR balance of TL 34,054 (31 December 2023: None) and a demand deposit of TL 150,324 (31 December 2023: TL 213,661), and there is no blockage on it.

The amount of cash and cash equivalents used in the preparation of the cash flow statement as of 31 December 2024 is TL 297,378 (31 December 2023: TL 213,661).

4. Financial Assets at Fair Value Through Profit/Loss (Net)

	31 December 2024	31 December 2023
DCB Fund(*)	1,438,547	889,244
	1,438,547	889,244

(*) As of 31 December 2024, the financial assets at fair value through profit/loss are DCB Deniz Portfolio fund. (31 December 2023: DCB Deniz Portföy fund.)

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Notes to the financial statements as of 31 December 2024

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

5. Factoring receivables

	31 December 2024	31 December 2023
Domestic Factoring Receivables, net	16,431,540	13,982,647
Export and import factoring receivables, net	2,179,169	2,135,113
Non-performing Factoring Receivables	415,922	180,792
Gross factoring receivables	19,026,631	16,298,552
Expected Loss Provisions	(480,560)	(480,968)
<i>Level 1</i>	(146,786)	(211,114)
<i>Level 2</i>	(20,348)	(160,729)
<i>Level 3</i>	(313,426)	(109,125)
Unearned interest income	(503,954)	(510,306)
Factoring receivables, Net	18,042,117	15,307,278

Unearned interest income represents prepaid income calculated over the maturity of factoring receivables.

As of 31 December 2024, the total of forward-term checks and notes against the factoring receivables of the Company are TL 11,212,703 (31 December 2023: TL 8,784,427). These checks and notes are followed in the off-balance sheet accounts.

As of 31 December 2024, domestic factoring receivables amounting to TL 588,784 (31 December 2023: TL 232,953) and foreign factoring receivables amounting to TL 432,433 (31 December 2023: TL 354,107) consist of irrevocable (with the risk assumed) transactions. In addition, as of 31 December 2024, the amount of TL 8,027,387 (31 December 2023: TL 8,304,279) is followed up in the off-balance sheet accounts.

Factoring receivables can be analyzed as follows:

	31.12.2024	31.12.2023
Neither past due nor impaired	18,106,755	15,607,454
Impaired	415,922	180,792
(Less): Expected Loss Provisions	(480,560)	(480,968)
Factoring receivables (net)	18,042,117	15,307,278

The Company calculates and accounts for the losses incurred or expected to occur due to factoring receivables in accordance with the provisions of the relevant communiqué and regulations published by the BRSA.

Deniz Faktoring A.Ş.**Notes to the financial statements as of 31 December 2024**

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

5. Factoring receivables (cont'd)

The maturity distribution of factoring receivables is as follows:

	31.12.2024	31.12.2023
0 - 1 Month	4,974,452	3,212,682
1 - 3 Month	9,239,223	7,851,509
3 - 12 Month	3,543,482	4,171,419
1 year and over	284,960	71,668
	18,042,117	15,307,278

The movement table of expected loss provisions is as follows:

As of 31 December 2024, the details of the expected loss provision are as follows:

31 December 2024	Factoring Receivables	Expected Loss Provisions (-)	Unearned Interest income (-)	Factoring Receivables, Net
Stage 1	17,792,491	(146,786)	(469,700)	17,176,006
Stage 2	818,218	(20,348)	(34,254)	763,615
Stage 3	415,922	(313,426)	-	102,496
Total	19,026,631	(480,560)	(503,954)	18,042,117

Movement table of provision for factoring receivables under follow-up is as follows,

Specific Provisions Movement:	Stage 1	Stage 2	Stage 3	Total
End of Prior Period	(203,150)	(168,693)	(109,125)	(480,968)
Provisions/collections and movements during the period (net) (*)	56,364	148,371	(204,327)	408
Provision at the End of the Period	(146,786)	(20,322)	(313,452)	(480,560)

(*) The Company has written off its receivables amounting to TL 70,231 in the current period from its stage 3 records, and it has been presented as net within the relevant amount.

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Notes to the financial statements as of 31 December 2024

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

5. Factoring receivables (cont'd)

The movement table of expected loss provisions is as follows:

As of 31 December 2023, the details of the expected loss provision are as follows:

31 December 2023	Factoring Receivables	Expected Loss Provisions (-)	Unearned Interest income (-)	Factoring Receivables, Net
Stage 1	15,882,433	(211,114)	(506,752)	15,164,567
Stage 2	235,327	(160,729)	(3,554)	71,044
Stage 3	180,792	(109,125)	-	71,667
Total	16,298,552	(480,968)	(510,306)	15,307,278

The movement table for non-performing factoring receivables is as follows,

Specific Provisions Movement:	Stage 1	Stage 2	Stage 3	Total
End of Prior Period	(17,968)	(173,269)	(84,203)	(275,440)
Provisions/collections and movements during the period (net) (*)	(185,182)	4,576	(24,922)	(205,528)
Provision at the End of the Period	(203,150)	(168,693)	(109,125)	(480,968)

(*) The Company has written off its receivables amounting to TL 32,361 in the current period from its stage 3 records, and it has been presented as net within the relevant amount.

As of 31 December 2024 and 2023, the percentage distribution of gross factoring receivables by sector is as follows:

	31 December 2024 (%)	31 December 2023 (%)
Construction-Construction materials	19	14
Electric Electronic	15	24
Wholesale Trade	10	-
Food	10	14
Textile	4	2
Metal- Machinery	3	4
Energy	4	4
Press – Broadcasting – Advertising – Promotion	2	1
Mining	-	2
Other	33	35
	100	100

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Notes to the financial statements as of 31 December 2024

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

6. Loans received

Loans received as of 31 December 2024 and 2023 are as follows:

	31 December 2024		31 December 2023	
	Interest Rate Range	Amount (TL)	Interest Rate Range	Amount
TL	46.5% - 50%	2,134,164	23% - 47%	10,380,708
USD	5.8% - 7.25%	1,300,397	-	-
EUR	4.32% - 7.5%	4,278,471	-	-
GBP	- 6.4%	989,765	-	-
		8,702,797		10,380,708

The loans dated 31 December 2024 consist of TL 5,308 thousand fixed interest loans and TL 3,394 thousand variable interest loans.

7. Derivative financial assets/liabilities for trading purposes

	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Fair value differences of derivative financial instruments(*)	10,835	-	20,443	-
	10,835	-	20,443	-

	31 December 2024		31 December 2023	
	TL	FC	TL	FC
Fair value differences of derivative financial instruments(*)	(618,160)	-	(5,522)	-
	(618,160)	-	(5,522)	-

(*)As of 31 December 2024 and 31 December 2023, derivative financial instruments consist of swap purchase and sale agreements.

Deniz Faktoring A.Ş.

Notes to the financial statements as of 31 December 2024

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

8. Other Liabilities

	31 December 2024	31 December 2023
Payables to Sellers	3,760	3,300
Taxes and liabilities to be paid	42,440	31,954
Other	5,945	11,088
	52,145	46,342

9.Provisions

As of 31 December 2024 and 2023, provision for employee benefits is as follows:

	31 December 2024	31 December 2023
Provisions for litigation	61,422	51,416
Employment termination benefit	7,943	3,243
Provision for unused vacation	757	327
Provision for bonus	22,575	11,997
	92,697	66,983

- Provision for employment termination benefit is set aside within the framework of the explanations below.

The Company is obliged to pay a certain amount of severance pay to the personnel who have left the job due to retirement after being served for at least one year pursuant to the current labor law, or whose work has been terminated for reasons other than resignation and bad behaviour.

Employment termination benefit is not legally subject to any kind of funding.

Provision for severance pay is calculated by estimating the present value of the probable obligation to be paid in case of retirement of employees.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Consequently, in the accompanying financial statements as of 31 December 2024, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The estimated rate of severance pay amounts that will not be paid as a result of voluntary leave of employment and will remain in the Company is also taken into consideration.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation, Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The employment termination benefit to be paid is one month's salary for each year of service and this amount is limited to TL 41,828.42 as of 31 December 2024 (31 December 2023: TL 23,489.83).

Deniz Faktoring A.Ş.**Notes to the financial statements as of 31 December 2024***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***9. Provisions (cont'd)**

Movements of severance pay provisions during the year are as follows:

	31 December 2024	31 December 2023
Opening balance as of 1 January	3,243	6,510
Increase/decrease during the year	1,513	2,171
Payments during the period	(631)	(4,278)
Employment termination benefit actuarial loss/gain	3,818	(1,160)
	7,943	3,243

10. Tangible assets

	1 January 2024	Additions	Disposals	31 December 2024
Cost:				
Furniture and fixtures	4,117	-	-	4,117
Vehicles	-	-	-	-
Leasehold improvements	1,022	-	-	1,022
Right-of-use assets	16,867	9,173	(16,867)	9,173
	22,006	9,173	(16,867)	14,312
Accumulated depreciation:				
Furniture and fixtures	(3,070)	(338)	-	(3,408)
Vehicles	-	-	-	-
Leasehold improvements	(1,022)	-	-	(1,022)
Right-of-use assets	(12,389)	(6,916)	12,389	(6,916)
	(16,481)	(7,254)	12,389	(11,346)
Net book value				2,966
	1 January 2023	Additions	Disposals	31 December 2023
Cost:				
Furniture and fixtures	3,381	736	-	4,117
Vehicles	-	-	-	-
Leasehold improvements	1,022	-	-	1,022
Right-of-use assets	11,126	5,741	-	16,867
	15,529	6,477	-	22,006
Accumulated depreciation:				
Furniture and fixtures	(2,655)	(415)	-	(3,070)
Vehicles	-	-	-	-
Leasehold improvements	(1,022)	-	-	(1,022)
Right-of-use assets	(7,121)	(5,268)	-	(12,389)
	(10,798)	(5,683)	-	(16,481)
Net book value				5,525

As of 31 December 2024, there are no pledges and mortgages on tangible assets (31 December 2023: None).

Deniz Faktoring A.Ş.

Notes to the financial statements as of 31 December 2024

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

11. Intangible assets

	1 January 2024	Additions	Disposals	31 December 2024
Software, cost	65,306	54,217	-	119,523
Accumulated amortization	(35,674)	(17,630)	-	(53,304)
Net book value	29,632	36,587	-	66,219

	1 January 2023	Additions	Disposals	31 December 2023
Software, cost	34,293	31,013	-	65,306
Accumulated amortization	(20,663)	(15,011)	-	(35,674)
Net book value	13,630	16,002	-	29,632

12. Deferred tax assets/liabilities

The tax rate used in calculating deferred tax assets and liabilities is 30% for taxable gains realized in 2023 and 2024.

The breakdown of accumulated temporary differences and deferred tax assets and liabilities as of 31 December 2024 and 31 December 2023, using the applicable tax rates, is as follows:

The Company recognizes deferred tax receivables and liabilities for temporary timing and valuation method differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TAS/IFRS.

	31 December 2024	31 December 2023
Interval Timing Differences Based on Deferred Tax		
Provision for Employment Termination Benefits	7,943	3,243
Provision for Unused Vacation Payment	757	327
Derivative Transactions Expense / (Income) Discount, Net	607,325	(14,921)
Derivative Transactions Income Discount	(10,835)	(20,443)
Derivative Transactions Expense Discount	618,160	5,522
Provision for Factoring Receivables and Unearned Income	276,225	451,331
Other	27,470	31,561
	919,720	471,541
Deferred Tax Assets / (Liabilities)		
Provision for Employment Termination Benefits	2,383	973
Provision for Unused Vacation Payment	227	98
Derivative Transactions Expense / (Income) Discount, Net	182,197	(4,476)
Derivative Transactions Income Discount	(3,251)	(6,133)
Derivative Transactions Expense Discount	185,448	1,657
Provision for Factoring Receivables	82,867	135,399
Other	8,242	9,471
Deferred Tax Asset/(Liability), (net)	275,916	141,465

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Notes to the financial statements as of 31 December 2024

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

12. Deferred tax assets/liabilities (cont'd)

Deferred tax assets movement table is as follows:

	31 December 2024	31 December 2023
Opening Balance as of 1 January	141,465	63,180
Deferred Tax Income / (Expense)	133,306	78,487
Deferred Tax Income Expense Shown Under Other Comprehensive Income (defined benefit obligations)	1,145	(202)
Closing Balance	275,916	141,465

13. Issued securities

As of 31 December 2024 and 2023, the Company has issued bonds of TL 5,199,208 and TL 2,482,444 respectively.

The details of the bonds issued are as follows (nominal):

Issue Date	Compound Interest Rate (%)	Maturity	31 December 2024
21 August 2024	58.24	10 January 2025	200,000
2 October 2024	57.84	7 February 2025	310,000
4 October 2024	57.72	12 February 2025	340,000
11 October 2024	58.08	26 February 2025	765,000
23 October 2024	57.17	28 February 2025	100,000
1 November 2024	57.89	28 February 2025	310,000
6 November 2024	57.63	19 March 2025	350,000
20 November 2024	57.26	26 March 2025	374,000
18 December 2024	53.78	18 June 2025	200,000
23 October 2024*	6.51	26 October 2027	1,940,417
			4,889,417

(*)The issued securities are in foreign currency.

Issue Date	Compound Interest Rate (%)	Maturity	31 December 2023
22 August 2023	32.34	14 February 2024	100,000
29 September 2023	45.56	5 January 2024	200,000
16 November 2023	49.47	26 April 2024	130,000
23 November 2023	49.31	8 May 2024	115,000
8 December 2023	53.26	6 March 2024	360,000
20 December 2023	53.20	29 March 2024	100,000
28 December 2023	53.31	3 April 2024	900,000
29 December 2023	54.03	21 June 2024	550,000
			2,455,000

Deniz Faktoring A.Ş.

Notes to the financial statements as of 31 December 2024

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

14. Other Assets

	31 December 2024	31 December 2023
BSMV receivables	43,514	42,718
Receivables from Litigation and Court Costs	3,155	2,123
Other	-	754
	46,669	45,595

15. Equity

Issued and paid capital amounts as of 31 December 2024 and 2023 are as follows with their book values:

	31 December 2024		31 December 2023	
	Share (%)	TL	Share (%)	TL
Denizbank A.Ş.	100	2,490,000	99.99	2,490,000
Other	-	-	0.01	0,04
	100	2,490,000	100	2,490,000

In statutory financial statements, accumulated profits may be distributed except for legal reserves and subject to following requirements for legal reserves.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that 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 capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital.

According to Law No, 5228 on Amendments to Certain Tax Laws published in Official Gazette No, 25539 dated 31 July 2004, inflation adjustments to shareholders' equity line items arising from the first inflation adjusted financial statements and recognized in "Accumulated Profit/Loss" may be offset against inflation-adjusted accumulated losses or included in share capital by corporate taxpayers, and this transaction is not treated as a dividend distribution.

In addition, according to BRSA, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase.

All "inflation-adjustments to shareholders' equity" may only be used to increase capital through bonus issues or to offset losses, while the carrying amount of extraordinary reserves are permitted to be used to increase capital through bonus issues, payment of cash dividends or to offset losses.

Deniz Faktoring A.Ş.**Notes to the financial statements as of 31 December 2024***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***16. Operation income**

	1 January – 31 December 2024	1 January – 31 December 2023
Factoring interest income (net)	7,204,871	3,144,002
Factoring fee and commission income	16,134	367,117
	7,221,005	3,511,119

17. Provision Expenses:

	1 January - 31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
Expected Loss Provisions	56,364	148,371	(204,327)	408
Other	-	-	-	52,401
	56,364	148,371	(204,327)	52,809

	1 January - 31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
Expected Loss Provisions	185,182	(4,576)	24,922	205,528
Other	-	-	-	18,227
	185,182	(4,576)	24,922	223,755

18. Operation Expenses:

	31 December 2024	31 December 2023
Personnel expenses	125,379	57,199
Depreciation and amortization expenses	27,225	20,694
Service cost expenses	29,111	16,917
Marketing and advertising expenses	21,112	9,023
Audit and consultancy expenses	4,322	1,613
IT expenses	7,444	5,421
Intelligence expenses	2,514	1,579
Vehicle Expenses	4,418	2,998
Taxes and Duties Expenses	6,051	3,995
Other	10,814	9,318
	238,390	128,757

Notes to the financial statements as of 31 December 2024

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

19. Fees for Services Received from Independent Auditor/Independent Audit Firm

For the periods ended 31 December 2024 and 2023, the details of fees, excluding VAT, received from the independent auditor/independent audit firm are as follows:

	1 January – 31 December 2024	1 January – 31 December 2023
Independent Audit Fee for the Reporting Period	685	473
	685	473

20. Continuing operations tax provision

	31 December 2024	31 December 2023
Provision for current corporate tax	659,925	405,265
Deferred tax income effect (-)	(133,306)	(78,487)
Total tax expense (net)	526,619	326,778

The Company is subject to tax legislation and practices in Türkiye.

The companies apply 30% (31 December 2023: 30%) tax rate over their quarterly profits when calculating their temporary tax payables, which they are obliged declare via Advance Corporate Tax Declaration by the end 14th and pay by the end of 17th of the 2 month following the related period. Quarterly Advance Corporate Tax payments made within a year are deducted from the Corporate Income Tax calculated for the same fiscal year. Following the netting-off, if there is still remaining Advance Corporate Tax balance, it can be offset or can be received in the form of cash refund.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate income tax base of up to next 5 years. Declarations and related accounting records can be examined by the tax office within up to next 5 years.

Deniz Faktoring A.Ş.**Notes to the financial statements as of 31 December 2024**

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

20. Continuing operations tax provision (cont'd)

The reconciliation of the current year tax expense and the theoretical tax expense calculated using the Company's legal tax rate is as follows;

	31 December 2024	31 December 2023
Profit before tax	2,309,641	1,300,203
Theoretical tax expense with 30% tax rate (2023: 30%)	692,892	390,061
Non-deductible expenses and other additions, net	(166,273)	(63,283)
Current year tax expense	526,619	326,778

Reconciliation of current period tax assets and liabilities is as follows;

	31 December 2024	31 December 2023
Corporate tax provision	(659,925)	(405,265)
Prepaid tax	478,209	306,740
Earthquake tax effect	-	795
Current tax liability	(181,717)	(97,730)

21. Other operating income and expenses

Other Operating Income	31 December 2024	31 December 2023
Foreign exchange transactions profit	21,150,830	28,886,724
Derivative transaction profit	76,598	-
Interest received from banks	42,314	115
Capital Market Transaction Profit	679,407	163,754
Other	7,865	61,858
	21,957,014	29,112,451
Other Operating Expense	31 December 2024	31 December 2023
Foreign Exchange Transaction Losses	21,739,114	28,808,133
Losses From Derivative Transactions	1,447,344	6,809
Letter of guarantee commission	60,792	22,177
Litigation and court costs	29,296	10,910
Bank charges paid	708	356
Other	190	-
	23,277,444	28,848,385

Deniz Faktoring A.Ş.

Notes to the financial statements as of 31 December 2024

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

22. Financing expenses

	31 December 2024	31 December 2023
Interest on loans used	1,720,310	1,921,843
Interest on securities issued	1,521,345	150,283
Fees and commissions given	55,929	48,252
Interest expenses on leases	2,151	2,092
	3,299,735	2,122,470

Earnings Per Share

	31 December 2024	31 December 2023
Net profit attributable to shareholders (thousand TL))	1,783,022	973,425
Weighted average number of ordinary shares issued (each worth 1 full TL)	2,490,000	2,490,000

23. Related party disclosures

Loans from related parties:

	Currency Type	Interest Rate %	Maturity	31 December 2024 (TL)
Denizbank A.Ş.	TL	50.00	28.03.2025	272,487
Denizbank A.Ş.	TL	50.00	28.03.2025	150,000
Denizbank A.Ş.	USD	6.70	02.01.2025	656,919
Denizbank A.Ş.	GBP	6.40	02.01.2025	989,580
Denizbank Bahrain	EUR	5.24	10.12.2029	2,918,907
Denizbank Bahrain	EUR	4.89	12.02.2031	1,127,175
				6,115,068
	Currency Type	Interest Rate %	Maturity	31 December 2023 (TL)
Denizbank A.Ş.	TL	23.00	24.01.2024	60,000
Denizbank A.Ş.	TL	23.50	01.02.2024	26,950
Denizbank A.Ş.	TL	23.50	20.05.2024	324,000
Denizbank A.Ş.	TL	46.50	02.10.2024	54,996
Denizbank A.Ş.	TL	43.00	11.10.2024	55,500
Denizbank A.Ş.	TL	33.00	28.02.2024	280,000
Denizbank A.Ş.	TL	38.50	30.04.2024	43,000
Denizbank A.Ş.	TL	34.50	28.02.2024	350,000
Denizbank A.Ş.	EUR	6.25	02.01.2024	991,191
Denizbank A.Ş.	USD	7.50	02.01.2024	165,502
Denizbank A.Ş.	GBP	7.80	02.01.2024	1,681,694
				4,032,833

Deniz Faktoring A.Ş.**Notes to the financial statements as of 31 December 2024***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***23. Related party disclosures (cont'd)**

Securities from related parties:

	31 December 2024	31 December 2023
DCB Fund (Deniz Portföy Yönetim A.Ş.)	1,438,547	889,244
	1,438,547	889,244

Bank deposits with related parties:

	31 December 2024	31 December 2023
Denizbank A.Ş.	170,119	141,422
Denizbank AG	126,830	71,179
	296,949	212,601

Payables to related parties:

	31 December 2024	31 December 2023
Intertech Bilgi İşlem ve Pazarlama Tic. A.Ş.	3,892	2,565
Kredi Kayıt Bürosu A.Ş.	409	112
Deniz Finansal Kiralama A.Ş.	6,750	2,668
Denizbank A.Ş.	3,151	-
	14,202	5,345

Interest income from related parties:

	31 December 2024	31 December 2023
Denizbank A.Ş.	140	395
	140	395

Deniz Faktoring A.Ş.

Notes to the financial statements as of 31 December 2024

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

23. Related party disclosures (cont'd)

Interest expenses paid to related parties:

	31 December 2024	31 December 2023
Denizbank Bahrain	159,616	-
Denizbank A.Ş.	403,304	1,041,646
	562,920	1,041,646

Costs and commissions paid to related parties:

	31 December 2024	31 December 2023
Deniz Yatırım Menkul Kıymetler A.Ş.	10,482	4,464
Denizbank A.Ş.	9,707	7,245
Denizbank AG	206	270
	20,395	11,979

Derivative transactions with related parties:

	31 December 2024	31 December 2023
Derivative financial liabilities for trading purposes	(618,160)	(5,522)
Derivative financial assets for trading purposes	10,835	20,443
	(607,325)	14,921

Off Balance Sheet Assets	31 December 2024	31 December 2023
Swap Buying		
Denizbank A.Ş.	5,698,936	1,820,881
Swap Sales		
Denizbank A.Ş.	6,725,549	1,903,831

Derivative transaction loss with related parties:

	31 December 2024	31 December 2023
Denizbank A.Ş.	54,603	5,844
	54,603	5,844

	31 December 2024	31 December 2023
Benefits to Key Management (*)(**)	27,743	17,996

(*) The Company's key management consist of general manager, assistant general managers and members of the board of directors.

(**) This amount consists of monetary rights such as salaries, bonuses, premiums, as well as vehicle rental and depreciation and other expense items.

Notes to the financial statements as of 31 December 2024

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

24. Nature and level of risks arising from financial instruments

Financial instruments and financial risk management

Credit risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The Company mostly deals with the credit risk from factoring receivables.

Credit risk is kept under control by allocating certain limits to the parties that create credit risk, following the collections expected from the customers, and obtaining a certain amount of collateral within the liabilities when it is considered risky. Credit risk is concentrated mainly in the activities that take place in Türkiye. Credit risk is distributed by serving many customers from different sectors.

As of 31 December 2024 and 2023, the geographical distribution of the Company's assets and liabilities is as follows:

31 December 2024	Assets	Liabilities
Türkiye	100%	53.32%
European countries	-	7.67%
Other	-	39.00%
	100%	100%

31 December 2023	Assets	Liabilities
Türkiye	100%	99.10%
European countries	-	0.90%
Other	-	0.00%
	100%	100%

Deniz Faktoring A.Ş.

Notes to the financial statements as of 31 December 2024

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

24. Nature and level of risks arising from financial instruments (cont'd)

Maximum exposure to credit risk table

	31 December 2024			
	Factoring Receivables	Financial Assets at Fair Value Through Profit / Loss	Banks	Derivative Financial Instruments
The maximum credit risk exposure as of reporting date (*)	18,042,117	1,438,547	297,378	10,835
A. The net book value of financial assets that are neither past due nor impaired	18,042,117	1,438,547	297,378	10,835
- Not overdue or impaired (gross book value)	-	-	-	-
- General loan provision (-) (**)	-	-	-	-
B. Renegotiated conditions, otherwise, the book value of financial assets at maturity will be accepted as past due or impaired	-	-	-	-
C. The net book value of assets that are neither past due nor impaired	-	-	-	-
D. The net book value of assets that are impaired	(64,638)	-	-	-
- Overdue (gross book value)	415,922	-	-	-
- Impairment (-)	(480,560)	-	-	-
E. Factors including off-balance sheet credit risk	-	-	-	-

(*)Factors that increase credit reliability, such as collaterals received, are not considered in the calculation of amount.

(**)With reference to the Company Provisions Communiqué; although they have not exceeded the periods specified in the communiqué in question, they set aside special provisions at the rates determined in line with the principles of reliability and prudence.

Deniz Faktoring A.Ş.

Notes to the financial statements as of 31 December 2024

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

24. Nature and level of financial risks from financial instruments (cont'd)

Maximum exposure to credit risk table (cont'd)

	31 December 2023			
	Factoring Receivables	Financial Assets at Fair Value Through Profit / Loss	Banks	Derivative Financial Instruments
The maximum credit risk exposure as of reporting date (*)	15,307,278	889,244	213,661	20,443
A. The net book value of financial assets that are neither past due nor impaired	15,307,278	889,244	213,661	20,443
- Not overdue or impaired (gross book value)	-	-	-	-
- General loan provision (-) (**)	-	-	-	-
B. Renegotiated conditions, otherwise, the book value of financial assets at maturity will be accepted as past due or impaired	-	-	-	-
C. The net book value of assets that are neither past due nor impaired	-	-	-	-
D. The net book value of assets that are impaired	(300,176)	-	-	-
- Overdue (gross book value)	180,792	-	-	-
- Impairment (-)	(480,968)	-	-	-
E. Factors including off-balance sheet credit risk	-	-	-	-

(*)Factors that increase credit reliability, such as collaterals received, are not considered in the calculation of amount.

(**)With reference to the Company Provisions Communiqué; although they have not exceeded the periods specified in the communiqué in question, they set aside special provisions at the rates determined in line with the principles of reliability and prudence.

Notes to the financial statements as of 31 December 2024*(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***24. Nature and level of risks arising from financial instruments (cont'd)****Market risk**

Market Risk the risk of the Company's capital, earnings, ability to achieve its goals being adversely affected by fluctuations in interest rates, foreign exchange rates, inflation rates and market prices. The Company follows the market risk under the headings of foreign currency risk and interest risk.

Risk Management Policies have been approved by the Company's Board of Directors. It is the responsibility of the Company to implement the Risk Management Policy and comply with the Policy Principles.

As a factoring company, the Company meets the needs of its customers and is exposed to exchange rate risk, interest rate risk and liquidity risk. While the Fund Management manages these risks, it focuses on the Company's asset and liability structure. The Fund Management carries out the duties of providing funds to the Company, balancing its open position and interest rate risk and managing this surplus in case of excess liquidity.

Interest rate risk

That the changes in interest rates of market lead to fluctuations in prices of financial instruments bears the necessity for Company to cope with interest rate risk. The Fund Management department monitors the Company's interest-sensitive assets, liabilities and off-balance sheet items daily. In addition, the Financial Control department reports the interest rate risk on a monthly basis by spreading them according to their maturities. Interest rate risk sensitivity analysis (Basis Point Value analysis) is calculated monthly by taking into account currency types and maturities by Deniz factoring Market Risk, and also reported on a monthly basis with the limit controls determined in Risk Management Policies by making Value at Risk calculations.

Average interest rates in the year applied to financial instruments:

	31 December 2024				31 December 2023			
	USD (%)	EUR (%)	GBP (%)	TL (%)	USD (%)	EUR (%)	GBP (%)	TL (%)
Assets								
Banks	-	-	-	-	-	-	-	-
-Demand	-	0.5	-	45.0	-	-	-	-
Factoring receivables, net	8.4	7.6	10.4	54.0	9.8	10.3	-	32
Liabilities								
Loans Received	7.4	6.2	6.8	48.3	7.4	5.3	-	26
Issued securities	6.5	-	-	50.3	-	-	-	29.5

Deniz Faktoring A.Ş.**Notes to the financial statements as of 31 December 2024***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***24. Nature and level of risks arising from financial instruments (cont'd)**

The tables below analyze the assets and liabilities of the Company on the balance sheet date based on the period remaining to the interest rate changes in the contract, according to the relevant maturity grouping.

31 December 2024	Up to 3 months	Between 3 -12 months	Above 1 year	Interest-free	Total
Banks and cash equivalents	-	-	-	297,378	297,378
Financial assets at fair value through profit / loss (Net)	-	-	-	1,438,547	1,438,547
Derivative financial assets held for trading	10,835	-	-	-	10,835
Factoring receivables	4,974,451	12,782,705	284,960	-	18,042,117
Tangible assets	-	-	-	2,966	2,966
Intangible assets	-	-	-	66,219	66,219
Deferred tax asset	-	-	-	275,916	275,916
Other assets	-	-	-	46,669	46,669
Current Tax Asset	-	-	-	-	-
Total Assets	4,985,286	12,782,705	284,960	2,127,695	20,180,647
Loans received	3,181,583	2,126,560	3,394,653	-	8,702,796
Factoring payables	23,372	-	-	-	23,372
Lease liabilities	-	-	-	2,724	2,724
Issued securities	-	3,237,110	1,962,098	-	5,199,208
Derivative financial liabilities held for trading	46,909	571,251	-	-	618,160
Other liabilities	-	-	-	52,145	52,145
Provisions	-	-	-	92,697	92,697
Current period tax liability	-	-	-	181,717	181,717
Total Liabilities	3,251,864	5,934,921	5,356,751	329,283	14,872,819
Net repricing position	1,733,422	6,847,784	(5,071,791)	1,798,412	5,307,828

Deniz Faktoring A.Ş.**Notes to the financial statements as of 31 December 2024***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***24. Nature and level of risks arising from financial instruments (cont'd)**

31 December 2023	Up to 3 months	Between 3 -12 months	Above 1 year	Interest-free	Total
Banks and cash equivalents	-	-	-	213,661	213,661
Financial assets at fair value through profit / loss (Net)	-	-	-	889,244	889,244
Derivative financial assets held for trading	20,443	-	-	-	20,443
Factoring receivables	3,212,682	12,022,928	71,668	-	15,307,278
Tangible assets	-	-	-	5,525	5,525
Intangible assets	-	-	-	29,632	29,632
Deferred tax asset	-	-	-	141,465	141,465
Other assets	-	-	-	45,595	45,595
Current Tax Asset	-	-	-	-	-
Total Assets	3,233,125	12,022,928	71,668	1,325,122	16,652,843
Loans received	7,568,605	2,802,459	9,643	-	10,380,707
Factoring payables	39,374	-	-	-	39,374
Lease liabilities	-	-	-	6,262	6,262
Issued securities	-	2,482,444	-	-	2,482,444
Derivative financial liabilities held for trading	5,522	-	-	-	5,522
Other liabilities	-	-	-	46,342	46,342
Provisions	-	-	-	66,983	66,983
Current period tax liability	-	-	-	97,730	97,730,00
Total Liabilities	7,613,501	5,284,903	9,643	217,317	13,125,364
Net repricing position	(4,380,376)	6,738,025	62,025	1,107,805	3,527,479

Liquidity risk

Liquidity risk is the possibility of the Company not meeting its net financing needs. Liquidity risk arises from problems in the sector or decreases in credit ratings leading to the depletion of some fund resources in a short time. As a precaution against this risk, management diversifies its financing resources and assets are managed with liquidity priority, which will maintain a healthy balance of cash and cash equivalents. In addition, the Management maintains a sufficient level of financial resources from shareholders and high-quality investors, as a measure of financing current and future debt requirements and pending changes in demand.

The distribution of liabilities by their remaining maturities as of 31 December 2024 and 2023 is as follows, the amounts disclosed in the maturity analysis below are contractual non-discounted (non-discounted) cash flows. Interests to be paid on the Company's liabilities are also included in the table below.

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24. Nature and level of risks arising from financial instruments (cont'd)

Liquidity risk (cont'd)

31 December 2024	Book Value	1 -3 months	3 – 12 months	Above 1 year	Undated	Total Contractual Cash Inflows/Outflows
Loans received	8,702,796	3,159,500	1,649,978	3,633,843	-	8,443,321
Issued securities	5,199,208	-	4,579,625	-	-	4,579,625
Factoring debts	23,372	23,372	-	-	-	23,372
Other Liabilities	52,146	-	-	-	52,145	52,145
Total	13,977,522	3,182,872	6,229,603	3,633,843	52,145	13,098,463

31 December 2023	Book Value	1 -3 months	3 – 12 months	Above 1 year	Undated	Total Contractual Cash Inflows/Outflows
Loans received	10,380,708	7,510,784	2,708,875	-	-	10,219,659
Issued securities	2,482,444	-	2,455,000	-	-	2,455,000
Factoring debts	39,374	39,374	-	-	-	39,374
Other Liabilities	46,342	46,342	-	-	-	46,342
Total	12,948,868	7,596,500	5,163,875	-	-	12,760,375

Foreign currency risk

Foreign currency assets and liabilities create foreign currency risk. The Company carries a certain amount of foreign exchange position arising from the transactions carried out by its operations. Foreign currency position is monitored daily by the Fund Management and reported monthly by tables created by Planning Control based on maturity and currency types. The foreign currency is calculated using the net general position / equity ratio approach. The yellow limit, which was determined as an early warning, was set at 19% and the red limit at 20%. The Company carries out forward foreign exchange transactions in order to balance its foreign currency assets and liabilities.

The table below shows the Company's sensitivity to a 10% change in USD and EUR exchange rates. The amounts below represent the effect of 10% increase in value of USD, EUR and GBP against TL in the income statement. During this analysis, it is assumed that all variables, especially interest rates, will remain constant.

	Profit/(Loss)	Profit/(Loss)
	31.12.2024	31.12.2023
USD	2,180	(1,399)
EUR	(7,648)	4,012
GBP	4,559	(3,766)

In the event that TL depreciates by 10% against USD and EUR, the above-mentioned amounts will have an effect on the income statement in equal and opposite direction.

Deniz Faktoring A.Ş.**Notes to the financial statements as of 31 December 2024***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***24. Nature and level of risks arising from financial instruments (cont'd)**

The foreign currency position of the Company as of 31 December 2024 and 2023 is as follows:

31.12.2024	USD	EURO	Other	TL	Total
Banks and cash equivalents	27,448	61,327	74,142	134,461	297,378
Derivative financial assets	-	-	-	10,835	10,835
Financial Assets at Fair Value Through Profit or Loss	-	-	-	1,438,547	1,438,547
Factoring receivables	258,651	1,442,015	1,824,937	14,516,514	18,042,117
Tangible Assets	-	-	-	2,966	2,966
Intangible Assets	-	-	-	66,219	66,219
Deferred tax asset	-	-	-	275,916	275,916
Current tax Asset	-	-	-	-	-
Other	-	-	-	46,669	46,669
Total assets	286,099	1,503,342	1,899,079	16,492,127	20,180,647
Derivative financial liabilities	-	-	-	618,160	618,160
Loans received	1,300,397	4,278,471	989,765	2,134,164	8,702,797
Factoring payables	23	274	2	23,073	23,372
Lease liabilities	-	-	-	2,724	2,724
Issued securities	1,962,098	-	-	3,237,110	5,199,208
Other Liabilities	604	1,184	105	50,252	52,145
Provisions	-	-	-	92,697	92,697
Current tax liabilities	-	-	-	181,717	181,717
Total liabilities	3,263,122	4,279,929	989,872	6,339,897	14,872,820
Net Balance Sheet Position (*)	(2,977,023)	(2,776,587)	909,205	10,152,231	5,307,828
Derivative financial instruments	2,998,826	2,700,111	(863,612)	4,824,615	9,659,938
Net position	21,803	(76,476)	45,595	14,976,845	14,967,766

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

24. Nature and level of risks arising from financial instruments (cont'd) (*)

31 December 2023	USD	EURO	Other	TL	Total
Banks and cash equivalents	49,903	20,097	5,337	138,324	213,661
Derivative financial assets	-	-	-	20,443	20,443
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	889,244	889,244
Factoring receivables	275,330	340,144	1,645,788	13,046,016	15,307,278
Tangible Assets	-	-	-	5,525	5,525
Intangible Assets	-	-	-	29,632	29,632
Deferred tax asset	-	-	-	141,465	141,465
Current tax Asset	-	-	-	-	-
Other	242	132	-	45,221	45,595
Total assets	325,475	360,373	1,651,125	14,315,870	16,652,843
Derivative financial liabilities	-	-	-	5,522	5,522
Loans received	337,559	2,140,960	1,688,784	6,213,405	10,380,708
Factoring payables	38	175	0	39,161	39,374
Lease liabilities	-	-	-	6,262	6,262
Issued securities	-	-	-	2,482,444	2,482,444
Other Liabilities	1,866	-	-	44,476	46,342
Provisions	-	-	-	66,983	66,983
Current tax liabilities	-	-	-	97,730	97,730
Total liabilities	339,463	2,141,135	1,688,784	8,955,983	13,125,365
Net position(**)	(13,988)	(1,780,762)	(37,659)	5,359,887	3,527,478
Derivative financial instruments	-	1,820,881	-	(1,903,831)	(82,950)

(*) Foreign currency indexed assets are indicated in financial statements as Turkish Currency, not Foreign Currency.

(**) Equity figure is not added to the Foreign Currency Position Liability table.

As of 31 December 2024 and 2023, the conversion rates of foreign currency assets and liabilities to TL are as follows;

	31 December 2024	31 December 2023
EURO	36.7362	32.5739
USD	35.2803	29.4382
GBP	44.2073	37.4417

24. Nature and level of risks arising from financial instruments (cont'd)

Fair value of financial instruments

Fair value is the value that the counterparties will receive after an authorized transaction, other than liquidation and compulsory sale. The listed market value reflects the most reliable current value of an asset, when it is available.

The Company determined the fair value of the financial instruments based on the data provided from the market and by using appropriate calculation methods. However the estimation of the fair values based on the market values requires judgement and interpretation. As a result, the estimations presented in this financial statements, may not always be an indicator for the realizable value for the Company after a market transaction.

Fair value of the financial instruments is determined based on the reliable data provided from the financial markets in Turkey. Fair value of other financial instruments is determined by benchmarking market value of a similar financial instrument or by assumption methods which includes amortizing the future cash flows with current interest rates.

The Company management estimates that the carrying value of the short-term assets and liabilities approximates their fair value.

It is anticipated that the carrying values of the factoring receivables and the provisions reflect their fair values, based on their short-term maturities.

Classification of fair value measurement

Classification of financial assets and liabilities reflected at their fair values in the financial statements on the basis of the levels described below, based on the observability of the data used in determining the fair value in accordance with TFRS 7:

- Level 1: Financial assets and liabilities are measured on the basis of the stock exchange prices quoted for identical assets and or liabilities in active markets.
- Level 2: Financial assets and liabilities are measured on the basis of inputs, other quoted market prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3: Financial assets and liabilities are measured on the basis of inputs that are unobservable in active markets and cannot be used to measure the fair value of an identical asset or liability.

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24. Nature and level of risks arising from financial instruments (cont'd)

Fair values of financial instruments:

31 December 2024

	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	1,438,547	-	-
Derivative financial assets for trading purposes	-	10,835	-
Financial assets available for sale	-	-	-
Total assets	1,438,547	10,835	-
Derivative financial liabilities for trading purposes	-	618,160	-
Total liabilities	-	618,160	-

31 December 2023

	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss	889,244	-	-
Derivative financial assets for trading purposes	-	20,443	-
Financial assets available for sale	-	-	-
Total assets	889,244	20,443	-
Derivative financial liabilities for trading purposes	-	5,522	-
Total liabilities	-	5,522	-

Capital management

In accordance with Article 12 of the "Regulation on the Formation and Operations of Financial Leasing, Factoring and Financial Companies", published in Official Gazette of 24 December 2013, it is mandatory to achieve and maintain a minimum shareholders' equity to total assets ratio of 3%.

As of 31 December 2024, the ratio of the Company's equity to its total assets must be achieved and maintained at a minimum of three percent.

	31 December 2024	31 December 2023
Total asset	20,180,647	16,652,843
Total equity (B)	5,307,827	3,527,478
Total equity / total asset ratio (B/A)	26%	21%

Notes to the financial statements as of 31 December 2024

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25. Provisions, contingent assets and liabilities

The Company has a total guarantee amounting to TL 3,678,794 and these letters of guarantee were given to courts and customs (31 December 2023: TL 2,586,290).

Derivative financial instruments are shown with their fair values and positive fair valuation differences are shown as derivative financial assets and negative fair valuation differences are presented as derivative financial liabilities.

26. Events after balance sheet date

None.