

(Convenience translation of independent auditors' report and financial statements originally issued in Turkish)

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

**Financial Statements As at and For the Year Ended
31 December 2021 with Independent
Auditors' Report Thereon**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of İş Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi,

A) Report on the audit of the financial statements

1) Opinion

We have audited the financial statements of İş Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi ("Company") which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) 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 the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.



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Key audit matter	How our audit addressed the key audit matter
<p><i>Presentation of subsidiaries and associates in the financial statements and significant information disclosed</i></p>	
<p>As of December 31, 2021, fair value amount of the financial assets disclosed in the financial statements has been valued at TL 209.232.576 by independent appraisal firms and details of the valuation have been disclosed in note 6. Due to the fact that subsidiaries and associates are significant part of the Company's assets and applied valuation methods contain significant judgements and assumptions, we have considered the valuation of Subsidiaries and associates as a key audit matter.</p>	<p>We assessed the qualifications, competencies and independence of the professional appraisers engaged by the management.</p> <p>In our audit, we assessed whether the valuation methods as applied by appraisers are acceptable for valuation of the underlying subsidiaries. We reconciled the appraised value for independent sections in the valuation report with disclosed amount in Note 6. Among the other audit procedures, we performed, we verified the assumptions used by the external appraisers in their valuations against external data.</p> <p>For this assessment we involved valuation experts of a firm which is in our audit network to our audit procedures. Due to the high level of judgment by the appraisers in the valuation of subsidiaries and the existence of alternative assumptions and valuation methods, we assessed if the result of the external valuation is within an acceptable range.</p> <p>We also examined the suitability of the information in the financial statements and explanatory note, given the importance of this information for users of the financial statements.</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 TFRSs, 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.



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5) Auditor's responsibilities for the audit of the financial statements

In an independent audit, our responsibilities as independent auditors 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 InAS 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 InAS, 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.



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

We also provide those charged with Company's management 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 Company's management, 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) Reports on other responsibilities arising from regulatory requirements

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on January 28, 2022.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2021 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The partner in charge of the audit resulting in this independent auditor's report is Fatma Ebru Yücel.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatma Ebru Yücel, SMMM
Partner

January 28, 2022
Istanbul, Turkey

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İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1
(Amounts are expressed in Turkish Lira ("TL"))

		(Audited) December 31, 2021	(Audited) December 31, 2020
	Notes		
ASSETS			
Current Assets			
Cash and cash equivalents	5	56.203.611	47.577.063
Financial investments	6	10.260.129	18.109.746
Other receivables	8	10.344	1.909.525
- <i>Other receivables from related parties</i>	4	10.344	-
- <i>Other receivables from non-related parties</i>		-	1.909.525
Prepaid expenses	14	1.194.298	545.717
Other current assets	15	1.202.341	1.079.051
TOTAL CURRENT ASSETS		68.870.723	69.221.102
Non-current Assets			
Other receivables	8	150	150
- <i>Other receivables from related parties</i>	4	150	150
Financial investments	6	209.232.576	197.208.181
Property, plant and equipment	9	63.191	90.257
Right-of-use asset	11	858.605	1.321.332
Intangible assets	10	-	-
TOTAL NON-CURRENT ASSETS		210.154.522	198.619.920
TOTAL ASSETS		279.025.245	267.841.022

The accompanying notes are an integral part of these financial statements

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (continued)

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1
(Amounts are expressed in Turkish Lira ("TL"))

	Notes	Audited December 31, 2021	Audited December 31, 2020
LIABILITIES			
Current Liabilities			
Borrowings		128.870	462.037
- Lease Payables to Related Parties	11	128.870	330.876
- Lease Payables to Unrelated Parties		-	131.161
Trade payables	7	1.092.780	4.201
- Due to related parties	4	1.092.780	4.201
Other payables	8	486	-
Liabilities related to employee benefits	16	22.129	57.768
Short-term provisions		692.335	1.253.256
- Short-term provisions for employee benefits	13	692.335	1.253.256
Other short-term provisions	15	579.100	813.091
TOTAL CURRENT LIABILITIES		2.515.700	2.590.353
Non-current Liabilities			
Borrowings		766.023	1.028.166
- Lease Payables to Related Parties	11	766.023	948.126
- Lease Payables to Unrelated Parties		-	80.040
Long-term provisions		213.033	408.623
- Long-term provisions for employee benefits	13	213.033	408.623
TOTAL NON-CURRENT LIABILITIES		979.056	1.436.789
TOTAL LIABILITIES		3.494.756	4.027.142
EQUITY			
Share capital	17	74.652.480	74.652.480
Adjustment to share capital	17	21.606.400	21.606.400
Other comprehensive expense / (income) not to be reclassified to profit and loss		(418.682)	(158.944)
- Actuarial loss/gain funds		(418.682)	(158.944)
Share premium	17	7.000.000	7.000.000
Restricted reserves	17	21.620.416	21.620.416
Retained earnings	17	139.093.528	137.043.221
Net income for the period		11.976.347	2.050.307
TOTAL EQUITY		275.530.489	263.813.880
TOTAL LIABILITIES		279.025.245	267.841.022

The accompanying notes are an integral part of these financial statements

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

STATEMENTS OF PROFIT OF LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS BETWEEN JANUARY 1- December 31, 2021

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1
(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

	Notes	Audited January 1- December 31, 2021	Audited January 1- December 31, 2020
CONTINUING OPERATIONS			
Revenue	18	23.077.339	36.179.737
Cost of Sales (-)		-	(24.025.000)
GROSS PROFIT		23.077.339	12.154.737
General Administrative Expenses (-)	19	(9.732.663)	(10.048.471)
Other Operating Income	20	226.523	127.348
Other Operating Expense (-)	20	(1.594.852)	(183.307)
OPERATING PROFIT / (LOSS)		11.976.347	2.050.307
PROFIT / (LOSS) BEFORE TAX		11.976.347	2.050.307
Tax (Expense) / Income		-	-
NET PROFIT / (LOSS) / INCOME FOR THE PERIOD		11.976.347	2.050.307
OTHER COMPREHENSIVE INCOME			
Amounts that not be reclassified to profit or loss		(259.738)	(9.992)
Defined benefit pension plan			
Actuarial gain / (loss)	13	(259.738)	(9.992)
OTHER COMPREHENSIVE INCOME		(259.738)	(9.992)
TOTAL COMPREHENSIVE INCOME		11.716.609	2.040.315
(Loss)/income per (1,000 shares)		0,16043	0,02747

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIODS BETWEEN JANUARY 1- December 31, 2021

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1

(Amounts expressed in Turkish Lira (“TL”), unless otherwise indicated.)

Notes	Share capital	Adjustment share capital	Other Comprehensive Income not to be Reclassified Profit and Loss Actuarial gain / (loss)	Share premiums	Restricted reserves	Retained Earnings		Total equity
						Retained earning	Net income for the period	
January 1, 2020	74.652.480	21.606.400	(148.952)	7.000.000	21.173.530	135.754.009	1.736.098	261.773.565
Transfers	-	-	-	-	446.886	1.289.212	(1.736.098)	-
Total comprehensive income	-	-	(9.992)	-	-	-	2.050.307	2.040.315
December 31, 2020	74.652.480	21.606.400	(158.944)	7.000.000	21.620.416	137.043.221	2.050.307	263.813.880

Notes	Share capital	Adjustment share capital	Other Comprehensive Income not to be Reclassified Profit and Loss Actuarial gain / (loss)	Share premiums	Restricted reserves	Retained Earnings		Notes
						Retained earning	Net income for the period	
January 1, 2021	74.652.480	21.606.400	(158.944)	7.000.000	21.620.416	137.043.221	2.050.307	263.813.880
Transfers	-	-	-	-	-	2.050.307	(2.050.307)	-
Total comprehensive income	-	-	(259.738)	-	-	-	11.976.347	11.716.609
December 31, 2021	74.652.480	21.606.400	(418.682)	7.000.000	21.620.416	139.093.528	11.976.347	275.530.489

The accompanying notes form an integral part of these condensed interim financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

STATEMENT OF CASH FLOW

FOR THE PERIODS BETWEEN JANUARY 1- December 31, 2021

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1 (Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

		Audited	Audited
	Notes	1 January- 31 December 2021	1 January- 31 December 2020
A. Cash flow from operating activities			
Net loss for the period		11.976.347	2.050.307
Adjustments to reconcile net income			
Adjustments for depreciation and amortization expenses	9,10,11	499.193	600.746
Adjustment for provision for employment termination benefits	13	859.666	711.576
Adjustments for other provisions		(62.296)	322.061
Adjustments for interest income	18	(6.776.998)	(3.444.225)
Adjustments for interest expense		269.065	327.383
Fair value of financial receivables	18	(2.890.872)	(3.245.088)
Adjustments for the fair value gains of financial instruments	18, 26	(12.024.395)	3.830.899
Adjustment for gain on sale of property, plant and equipment	20	-	(508)
Other adjustments related to profit/loss reconciliation		(226.098)	(126.017)
Changes in working capital		12.847.830	9.187.222
Adjustment for increase / (decrease) in financial investments		10.740.489	11.072.473
Adjustment for increase / (decrease) in other receivables		1.899.181	(1.909.525)
Adjustment for increase / (decrease) in prepaid expenses		(648.581)	(149.089)
Adjustment for increase / (decrease) in other payables to related parties		1.088.579	(1.071)
Adjustment for increase / (decrease) in employee benefits		(35.639)	7.172
Adjustment for increase / (decrease) in other payables to third parties		486	(770)
Adjustment for increase / (decrease) in other assets		(123.290)	145.855
Adjustment for increase / (decrease) in other liabilities		(73.395)	22.177
Cash flows provided by operating activities		4.471.442	10.214.356
Interest received		6.077.967	3.207.105
Payments for the provisions of employee benefits	13	(1.875.915)	(743.805)
Other cash inflows (outflows)	11	(639.230)	(699.712)
Net cash from investing activities		8.034.264	11.977.944
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of tangible assets		-	508
Acquisition of tangible assets	9	(8.448)	(29.611)
Cash inflows due to share sales or capital reduction of business partners or subsidiaries		-	24.025.000
Cash outflows due to share sales or capital reduction of business partners or subsidiaries		-	(33.500.000)
Net cash from investing activities		(8.448)	(9.504.103)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	-
Net cash used in financing activities		-	-
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION (A+B+C)			
		8.025.816	2.473.841
D. EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH NET INCREASE/(DECREASE) IN CASH EQUIVALENTS (A+B+C+D)			
		8.025.816	2.473.841
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD			
		47.198.581	44.724.740
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)			
	5	55.224.397	47.198.581

The accompanying notes form an integral part of these condensed interim financial statements.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2021

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1 (Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

1. ORGANIZATION OF THE COMPANY AND NATURE OF OPERATIONS

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("the Company" or "İş Girişim Sermayesi"), was established in İstanbul, Turkey. The registered address of the Company is İş Kuleleri Kule 2, Kat: 2, Levent, İstanbul. Türkiye İş Bankası A.Ş. is the ultimate shareholder of the Company. The Company's shares are traded in the Istanbul Stock Exchange since 2004.

The Company operates in private equity business.

Private equity: Investing in venture capital companies which are established or will be established in Turkey and has potential to grow and need Resources and the other investments listed in Article 21 of the "Communiqué on Principles on Venture Capital Investment Trusts" No. III-48.3.

As of December 31, 2021, the Company has 5 employees (December 31, 2020: 10 employees).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

a) Approval of the Financial Statements

The Company's financial statements as at and for December 31, 2021 were approved by the Board of Directors and authorization for issue is given for publishing on January 28, 2022. The General Assembly and/or statutory authorities have power to amend the financial statements after their issue.

b) Preparation of Financial Statements and Statement of Compliance to TAS

The Company maintains its books of account and prepares its statutory financial statements in accordance with accounting principles of the Turkish Commercial Code ("TCC") and tax legislation.

The accompanying financial statements are prepared in accordance with the Communiqué numbered II-14.1 "Basis for Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the Communiqué, financial statements are prepared in accordance with Turkish Accounting Standards ("TAS") which is published by Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards and related appendices and interpretations.

The accompanying financial statements as at December 31, 2021 have been prepared in accordance with the communiqué numbered 20/670 "Announcement on Financial Statements and Footnote Formats" published by Capital Markets Board ("CMB") dated 7 June 2013.

c) Basis of Measurement

The financial statements have been prepared based on the historical cost, except for the investment securities which are measured at fair value.

The methods used to measure fair value are also described in Note 2.5.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2021

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1 (Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

2. BASIS OF PRESENTATION (continued)

Basis of Presentation (continued)

d) Functional and Presentation Currency

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). Functional currency and presentation currency of the Company is Turkish Lira ("TL").

The foreign exchange rates used by the Company as at December 31, 2021 and December 31, 2020 are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
US Dollar	13,3290	7,3405
Euro	15,0867	9,0079

e) Consolidation Exemptions

According to TFRS 10 Consolidated Financial Statements, investment entity:

- (a) Obtains funds from one or more investors for the purpose of providing investment management services,
- (b) Its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- (c) Measures and evaluates the performance of its investments on a fair value basis.

While the entity evaluates whether it meets the above mentioned definition, it also considers whether it has the significant features of the investment entities mentioned below:

- (a) Has more than one investment,
- (b) Has more than one investor,
- (c) Has investors who are not related parties, and
- (d) Has partnership shares in the form of equity and suchlike shares.

Since the Company meets the above requirements, it does not consolidate its subsidiaries. Instead, it measures investments in its subsidiaries and associates according to TFRS 10 by recognizing the changes in the fair value to the profit or loss.

2.2 Changes in Accounting Policies

There is no change in the accounting policies of the Company except for the new and amended IFRS standards and TFRYK interpretations effective from 1 January 2021. The Company applied the simplified method and recognized the impairment in its financial statements on the date of initial adoption of TFRS 9 Financial Instruments standard, effective as of January 1, 2021

2.3 Changes in the Accounting Estimates and Errors

Effect of changes in accounting estimates, if it is only related to one period, is recognized in the period that the change is made, if it is related with the future periods, is recognized in the current period and also in future periods, prospectively. There is not any significant change in Company's accounting estimates in the current period.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2021

Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish, See Note 2.1 (Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

2. BASIS OF PRESENTATION (continued)

2.4 Significant Accounting Estimates and Judgments

Revenue

Private equity

Revenues are comprised of sale of subsidiary and/or associate, income from consultancy services provided to associates.

Revenues of the sale of non-controlling interests of the subsidiary without a change in control and/or associate are recognized when the sales are realized. Consultancy services given to associates are recognized at the date of the service rendered.

As the Company is an investment entity, fair value remeasurements of subsidiaries and associates are presented under revenues.

Dividend and interest income

Interest income is accrued by remaining principal in proportion as effective interest rate that reduces expected cash flows obtained from financial asset during its expected useful life to its carrying value in the related period.

Dividend income from equity investments and associates are recognized when shareholders have the right to receive the dividend.

Income stems from the sale of security portfolio and coupon payment and amortization income are recognized when the transaction is realized. The period end valuation income is recognized in the related accounts as at the period end.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to write off the cost over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed every year, with the effect of any changes in estimates accounted prospectively.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Regular repair and maintenance costs of tangible assets are recognized as expense as incurred.

Leased assets are depreciated over the shorter of the lease term and their useful life as if property and equipment.

The estimated useful lives for the current and comparative periods:

	<u>Useful life</u>
Furniture and fixtures	3-10 years
Leasehold improvements	5 years

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2. BASIS OF PRESENTATION (continued)

2.4 Significant Accounting Estimates and Judgments (continued)

Intangible Assets

Intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. These assets are amortized using the straight-line method based on their useful lives. The estimated useful lives and amortization method are reviewed every year, with the effect of any changes in estimates accounted prospectively.

Computer software

Acquired software is recognized with their acquisition costs and the costs incurred in the period until the software is ready to use. These costs are amortized over their estimated useful lives.

Useful life for software is 3 years.

Financial instruments

Financial assets

Financial assets, except for the financial assets classified as at fair value through profit or loss and initially measured with fair value, are recognized with total of fair values and transaction costs related with acquisition. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment under a contract whose terms require delivery of the investment within the time frame established by the market concerned.

Financial assets are classified into the following categories: "financial assets at fair value through profit or loss", "held-to-maturity investments", financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts to present value through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for debt instruments other than those financial assets designated as at financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and although they are not initially acquired for the purpose of trading, recognized in this category at the initial recognition and subsidiaries and associate meets consolidation exemption criteria in Note 2.1(f). A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated as hedging instrument. The Company uses the best buying price, if not available the last transaction price, to determine the fair value of financial assets that are traded on a stock exchange.

The methods used to determine the fair values of subsidiaries and associate that meets the consolidation exemption criteria are explained in Note 2.5 and Note 6.

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2. BASIS OF PRESENTATION (continued)

2.4 Significant Accounting Estimates and Judgments (continued)

Financial instruments (continued)

Financial assets measured at amortized cost

Commercial and other receivables and loans with fixed and determinable payments that are not traded in the market are classified in this category. Loans and receivables are shown by deducting impairment from their discounted cost by using the effective interest method. The company does not have any credit transactions as of December 31, 2021. (December 31,2020: None)

As of the end of the reporting period the Company has no financial assets measured by amortized cost.

Financial assets with fair value reflected on other comprehensive income

The first recognition of financial assets whose fair value difference is reflected in other comprehensive income is based on their market values. Financial investments whose fair value can be reliably determined are measured at their fair values.

Sale and repurchase agreements

Securities purchased under resale ("reverse repo"), the sale and repurchase price between the reverse repo portion corresponding to the period according to internal discount rate method, the difference by adding to the cost account cash and cash equivalents are recorded as receivable from reverse repo transactions.

Trade receivables

Trade receivables are receivables arising from private equity investments.

Impairment of financial assets

Financial assets, other than those assets measured at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. If there is an indication of the kind referred to the Company determines the amount of impairment loss.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets measured at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The potential losses that might arise from future events to occur in the results, the possibility cannot be recognized regardless of the height.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

The Company in the current period, "IFRS 9-Financial Instruments" in accordance with the provisions of fair value through the application of an impairment provision of financial assets that are monitored in other comprehensive income makes provisions for anticipated losses for bank deposits.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, receivable from reverse repo and other short-term highly liquid investments which have maturities of 3 months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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2. BASIS OF PRESENTATION (continued)

2.4 Significant Accounting Estimates and Judgments (continued)

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as or other financial liabilities.

Other financial liabilities

Other financial liabilities are initially recognized at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the 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 to net present value through the expected life of the financial liability, or, where appropriate, a shorter period.

Trade payables

Trade payables are payables arising from private equity investments and payables to third party suppliers.

Foreign Currency Transactions

When preparing the financial statements of the Company, transactions in foreign currencies (currencies other than TL) are recorded at the rates of exchange at the dates of the transactions. Monetary assets and liabilities in the statement of financial position denominated in foreign currencies have been translated into TL at the exchange rates at the end of the reporting periods. Foreign currency translation differences, except for the cases below, are recognized as profit or loss in related period.

Earnings per Share

Earnings per share disclosed in the statement of profit or loss and other comprehensive income are calculated by dividing net earnings by the weighted average number of shares that have been outstanding during the related period. The weighted average number of shares is the number calculated by multiplying and aggregating the number of ordinary shares outstanding at the beginning of the period and the number of shares withdrawn or issued during the period by a time-weighting factor. A time-weighting factor is the rate of the number of the days for which a specific number of shares have been outstanding to the total number of days in the period.

Events After the Reporting Period

Events after the reporting period are those events, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

In case the reporting period by the end of said to be evidence of conditions that existed incident or related incidents arise after the reporting period and requires the correction of these events in the financial statements, the Company restates its financial statements in accordance with the new situation. The company explains that matters mentioned events do not require restating the financial statements in disclose the related notes.

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2. BASIS OF PRESENTATION (continued)

2.4 Significant Accounting Estimates and Judgments (continued)

Related Parties

TAS 24 "Related Party Disclosures" defines the persons who have direct or indirect control or significant influence over other persons through shareholding, contractual rights, family relationships or the like as related parties. The definition also includes shareholders and the Company management as related parties. Related party transactions is the transfer of resources and obligations between related parties regardless of whether a price is charged. With regard to accompanying financial statements, the Company's shareholders, the Group entities with indirect equity relationship, and members of the Board of Directors and the top management of the Company is defined as related parties.

Top management of the Company includes general manager and senior directors and directors.

Segment Reporting

The Company operates only in the private equity business. For this reason, segment reporting is not prepared.

Income Tax

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş is exempt from Corporate Tax in accordance with the 5th /d-3 article.

Besides, income from private equity is not subject to advance tax application and according to the 15th /3 article of the Turkish Corporation Tax Law, earning from portfolio management withholding rate is determined at 0% (zero).

Employee Benefits

Employee severance pay liability

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligations. The actuarial gains and losses are recognized in other comprehensive income would never be reclassified to the profit or loss.

Employee bonuses

The Company makes provision if there is a contractual obligation or constructive obligation caused by previous applications.

Other short-term employee benefits

Other short-term employee benefits include vacation pay liability. In Turkey, according to the legislation, the employer has to make payments for unused vacation days when the personnel leave the company. Vacation pay liability is the undiscounted amount calculated over the unused vacation days of the employee.

Post-employment plans

The Company does not have any retirement or post-employment benefit plans.

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2. BASIS OF PRESENTATION (continued)

2.4 Significant Accounting Estimates and Judgments (continued)

Statement of Cash Flows

In the statement of cash flows, cash flows are classified as operating, investing and financing activities.

Cash flows from operating activities represent the cash flows provided from the Company's private equity business.

Cash flows from investing activities represent the Company's cash flows used in/provided from investing activities (fixed asset investments, financial investments and private equity investments).

Cash flows from financing activities represent the Company's funds used in and repayment of the funds during the year.

Share Capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are deducted from retained earnings and classified as dividend payable in the period that the dividend distribution decision is taken.

2.5 Significant Accounting Estimates and Judgments

The preparation of financial statements in conformity with TAS requires making judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are Audited on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The Covid-19 pandemic, which has recently emerged in China and spread to various part of the world, and potentially causes lethal respiratory infections, has adversely effected the regional and global economic conditions as well as causing operational disfunctions in countries which has been most affected by it. As a result of the spread of Covid-19 around the world, various measures have been taken in our country as the rest of the world and are still being taken, in order to prevent the transmission of the virus. These precautions which have been taken, are accompanied by economic measures in order to limit the effect on the individuals and businesses, in both our country and the world. Management of the firm anticipates that the current state will not fundamentally affect the financial statements prepared as of December 31, 2021. Further, the estimates and judgments that had been used will be reviewed in the future.

The estimates are used particularly in the following notes:

Note 6 Determination of fair value of the subsidiaries and the associates

Note 13 Employee benefits

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2. BASIS OF PRESENTATION (continued)

2.5 Significant Accounting Estimates and Judgments (continued)

Shares of the subsidiaries and the associates are not publicly traded. When determining the fair values of the subsidiaries and the associates, Discounted Cash Flows ("DCF") method of the income approach and Market Approach methods have been used. Discount and growth rates used are as follows:

<u>Name of subsidiary and associate</u>	<u>Discount rates</u>	<u>Ongoing growth rates</u>
Toksöz Spor Malzemeleri Ticaret AŞ ("Toksöz")	%22,2	%9
Mikla Yiyecek ve İçecek A.Ş. ("Mikla")	%24,2	%9
Radore Veri Hizmetleri Anonim Şirketi ("Radore")	%19,0	%9
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş. ("Ortopro")	%15,0	%2,2
Tatilbudur Seyahat Acenteliği ve Turizm A.Ş. ("Tatil Budur")	%25,2	%9

Market approach had been used in Nevotek Bilişim Ses ve İletişim Sistemleri Sanayi ve Ticaret A.Ş. ("Nevotek") which is one of the subsidiaries of the firm.

2.6 Comparative information and correction of the previous year financial statement

The financial statements of the Company are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when necessary and significant differences are disclosed.

The Company has prepared its statement of financial position as at December 31, 2021 its statement profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity in comparison with the period ended December 31, 2020.

2.7 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at December 31, 2021 are consistent with those of the previous financial period, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2021. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR), amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

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2. BASIS OF PRESENTATION (continued)

2.7 The new standards, amendments and interpretations (continued)

i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows (continued)

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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2. BASIS OF PRESENTATION (continued)

2.7 The new standards, amendments and interpretations (continued)

i) The new standards, amendments and interpretations which are effective as at 1 January 2021 are as follows (continued)

Amendments to TFRS 16 – Covid-19 Rent Related Concessions

In June 2020, POA amended TFRS 16 Leases to exclude lease concessions granted to lessees as a result of the COVID -19 outbreak to assess whether there is a lease modification. On April 7, 2021, POA amended to extend the exemption to concessions that have the effect of reducing lease payments due on or before June 30, 2022.

Tenants will apply this amendment in annual billing periods beginning on or after April 1, 2021. Early application is permitted.

In general, the Company does not expect this amendment to have a material impact on its financial statements.

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

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.

TFRS 3 Amendments - Amendment to References to the Conceptual Framework

POA Made amendments to the TFRS Business Combinations standard in July 2020. The amendment was made with the intention of replacing the reference to the old version of the Conceptual Framework (the 1989 Framework) with a reference to the current version (Conceptual Framework) issued in March 2018, without significantly changing the requirements of TFRS 3. However, a new paragraph has been added to TFRS 3 to define contingent assets that do not meet the recognition criteria at the acquisition date. The amendment is effective prospectively for annual accounting periods beginning on or after January 1, 2022. Early adoption is permitted if the entity implements all amendments to IFRS standards related to the Framework (2018 edition) at the same date or earlier.

The impact of the aforementioned amendment on the Company's financial position and results of operations is currently being assessed.

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2. BASIS OF PRESENTATION (continued)

2.7 The new standards, amendments and interpretations (continued)

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

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first time adopters.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

TFRS 17 - New Standard on Insurance Contracts

In February 2019, POA issued TFRS 17, a comprehensive new accounting standard that addresses the recognition and measurement, presentation and disclosure of insurance contracts. TFRS 17 introduces a model that requires both the measurement of insurance contract liabilities at current balance sheet values and the recognition of gains throughout the period in which the services are provided. Some changes in estimates of future cash flows and risk adjustments are also recognized in the period in which the services are provided. Entities may elect to recognize the effects of changes in discount rates in profit or loss or in other comprehensive income. The standard provides specific guidance on the measurement and presentation of insurance contracts with participation features. TFRS 17 is effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted for entities that have applied TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers on or before that date. Under the amendments issued by POA in December 2021, entities have the option to apply "overlapping classification" to eliminate potential accounting mismatches between financial assets and liabilities arising from insurance contracts in the comparative information presented upon initial application of TFRS 17.

The impact of the aforementioned standard on the Company's financial position and results of operations is currently being assessed.

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2. BASIS OF PRESENTATION (continued)

2.7 The new standards, amendments and interpretations (continued)

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

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

~~On March 12, 2020~~, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

TAS 8 Amendments - Definition of Accounting Estimates

In August 2021, POA published amendments to TAS 8 that introduce a new definition for "balance sheet forecasts." The amendments published for TAS 8 are effective for annual accounting periods beginning on or after January 1, 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and error corrections. In addition, the amended standard clarifies that the effects of a change in an input or a change in a valuation technique on an accounting estimate are changes in accounting estimates unless they result from a correction of prior period errors. The previous definition of a change in an accounting estimate stated that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not considered corrections of errors. This aspect of the definition has been retained by UPS. The amendments apply to estimates or changes in accounting policies made on or after the effective date, with early adoption permitted.

The impact of the said amendment on the Company's financial position and results of operations is currently being assessed.

TAS 1 Amendments – Disclosure of Accounting Policies

In August 2021, POA published amendments to TAS 1 to assist entities in applying materiality estimates related to accounting policy disclosures by providing guidance and examples. The amendments issued in TAS 1 are effective for annual accounting periods beginning on or after January 1, 2023. Due to the lack of a definition of the term "material" in TFRS, POA has decided to replace this term with "significant" in the context of disclosures about accounting policies. The term "material" is defined in TFRS and is widely understood by users of financial statements, according to POA. In assessing the materiality of accounting policy information, entities must consider both the scope of transactions, other events or conditions, and their nature. In addition, examples are provided of situations in which the entity may consider accounting policy information to be important.

The impact of the aforementioned change on the entity's financial position and results of operations is evaluated.

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2. BASIS OF PRESENTATION (continued)

2.7 The new standards, amendments and interpretations (continued)

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

TAS 12 Amendments - Deferred Taxes on Assets and Liabilities Arising From a Single Transaction

In August 2021, POA published amendments to TAS 12 that narrow the scope of the initial recognition exemption, ensuring that the exemption does not apply to transactions that result in the same taxable and deductible temporary differences. The amendments to TAS 12 are effective for annual accounting periods beginning on or after January 1, 2023. The amendments require an assessment (taking into account current tax law) of whether such deductions should be allocated for tax purposes to the recognized liability (and interest expense) or to the related asset component (and interest expense) when payments on a liability are deductible for tax purposes. clarifies that this is an issue. This assessment is important in determining whether a temporary difference exists on initial recognition of the asset and liability. The amendments apply to transactions that occur at or after the beginning of the earliest comparative period presented. In addition, deferred tax assets (provided there is sufficient taxable income) and deferred tax liabilities are recognized at the beginning of the earliest comparative period presented for all deductible and taxable temporary differences associated with leases and decommissioning, restoration and similar liabilities.

The impact of this change on the Company's financial position and results of operations is currently being assessed.

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

The Company is in the process of assessing the impact of the amendments / improvements on financial position or performance of the Company.

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2. BASIS OF PRESENTATION (continued)

2.8 Control of compliance with portfolio limitations, financial debt and total expense limit

Information provided in the Annex Footnote on Portfolio Limitation, Financial Debt and Total Expense Limit Control is a summary information derived from the financial statements pursuant to the "Financial Reporting Communiqué in the Capital Markets" and it is the Venture Capital Investment numbered III-48.3 published in the Official Gazette on 9 October 2013. It has been prepared in accordance with the provisions of the Communiqué on Principles Regarding Partnerships, regarding the control of compliance with portfolio limitations, financial debt and total expense limit.

3. SEGMENT REPORTING

The Company operates only in private equity business. The Company management monitors its financial investments according to their fair value.

4. RELATED PARTIES

The ultimate shareholder of the Company is Türkiye İş Bankası A.Ş.

Benefits provided to key management:

Benefits provided to key management during the period is as follows:

	December 31, 2021	December 31, 2020
Wage and other benefits	5.692.269	4.989.351
	5.692.269	4.989.351

Key management compensation includes wage, bonus, insurance and similar benefits.

The details of the transactions between the Company and other related parties are as follows:

Financial investments	December 31, 2021	December 31, 2020
Investment funds		
İş Portföy Hedef Hedge Fund	8.770.360	10.859.800
İş Portföy Second Stock Fund	14	3.771.024
İş Portföy İş Bank Subsidiary Index Share Fund	-	3.478.922
	8.770.374	18.109.746

Financial investments	December 31, 2021	December 31, 2020
Shares quoted to stock Exchange		
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	1.489.755	-
	1.489.755	-

Cash and cash equivalents	December 31, 2021	December 31, 2020
Türkiye İş Bankası A.Ş. time deposit	-	20.722.424
Türkiye İş Bankası A.Ş. demand deposit	2.427	147.203
İş Portföy Money Market Fund	9.334.804	2.642.353
	9.337.231	23.511.980

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

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(Amounts expressed in Turkish Lira ("TL"), unless otherwise indicated.)

4. RELATED PARTIES (continued)

Balances with related parties	December 31, 2021			
	Receivables Current		Payables Current	
	Trade	Other	Trade	Other
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	(1.629)	-
Anadolu Anonim Türk Sigorta Şirketi	-	-	(2.163)	-
Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.	-	10.344	(1.065.467)	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	(5.192)	-
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	-	(18.329)	-
	-	10.344	(1.092.780)	-

Balances with related parties	December 31, 2020			
	Receivables Current		Payables Current	
	Trade	Other	Trade	Other
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	(1.599)	-
İş Yatırım Menkul Değerler A.Ş.	-	-	(2.015)	-
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	-	(587)	-
	-	-	(4.201)	-

Balances with related parties	December 31, 2021			
	Receivables Non-current		Payables Non-current	
	Trade	Other	Trade	Other
Other	-	150	-	-
	-	150	-	-

Balances with related parties	December 31, 2020			
	Receivables Non-current		Payables Non-current	
	Trade	Other	Trade	Other
Other	-	150	-	-
	-	150	-	-

As of 31 December 2021, the Company has a lease liability amounting to TL 894.893 TL (31 December 2020: 1.279.002), which is accounted in the financial statements within the scope of TFRS 16 - Leasing Transactions standard. As of 01.09.2021, the net value of 878.823 TL has been deducted from Right of Use assets due to the shrinkage of the leased area.

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4. RELATED PARTIES (continued)

January 1 – December 31, 2021							
Transactions with related parties	Interest received	Service expenses	Insurance expenses	Transaction and advisory commission expenses	Rent Expenses	Dividend income	Other expenses
Mikla Yiyecek ve İçecek A.Ş.	-	-	-	-	-	-	(10.586)
Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.	-	-	-	-	-	(1.412.901)	-
Türkiye İş Bankası A.Ş.	1.078.162	-	-	(6.503)	(9.660)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	(73.976)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	(212.262)
Anadolu Anonim Türk Sigorta Şirketi	-	-	(455.158)	-	-	-	-
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	(257.319)	-	-	-	-	-
	1.078.162	(257.319)	(455.158)	(80.479)	(9.660)	(1.412.901)	(222.848)

January 1 – December 31, 2020							
Transactions with related parties	Interest received	Service expenses	Insurance expenses	Transaction and advisory commission expenses	Rent Expenses	Dividend income	Other expenses
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş.	-	-	-	-	-	-	(43.869)
Numnum Yiyecek ve İçecek A.Ş.	-	-	-	-	-	-	(1.291)
Kronotrop Yiyecek ve İçecek A.Ş.	-	-	-	-	-	-	(1.209)
Mikla Yiyecek ve İçecek A.Ş.	-	-	-	-	-	-	(433)
Türkiye İş Bankası A.Ş.	2.837.463	-	-	(5.441)	(8.610)	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	(67.811)	-	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	-	(193.143)
Anadolu Anonim Türk Sigorta Şirketi	-	-	(90.479)	-	-	-	-
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	(167.262)	-	-	-	-	-
İş Yatırım Ortaklığı A.Ş.	-	-	-	-	-	1.780.476	-
	2.837.463	(167.262)	(90.479)	(73.252)	(8.610)	1.780.476	(239.945)

Due to the Office Lease Agreement signed with İş Gayrimenkul Yatırım Ortaklığı A.Ş. within the scope of TFRS 16, the company has included the Usage Rights Assets amounting to TL 858.605 as of 31.12.2021 (31.12.2020: 1.126.687 TL). In this context, TL 219.316 interest expense and TL 310.700 depreciation expense were recorded (31.12.2020: TL 280.088 interest expense, TL 375.562 depreciation expense). In addition to this, a lease payment of TL 443.308 was made to İş Gayrimenkul Yatırım Ortaklığı A.Ş. (31.12.2020: TL 503.336).

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5. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as at December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021	December 31, 2020
Cash on hand	1.847	956
Cash at banks	41.084.315	41.118.569
<i>Demand deposits</i>	<i>11.234</i>	<i>150.977</i>
<i>Time deposits with maturities less than 3 months</i>	<i>41.073.081</i>	<i>40.967.592</i>
B type liquid fund	9.334.804	2.642.353
Receivables from Takasbank money market transactions	5.982.695	3.916.936
Expected loss provision	(200.050)	(101.751)
	56.203.611	47.577.063

(*) As at 31 December 2021, the Company has no restricted deposits (December 31, 2020: None).

(**) The company, as of December 31, 2021, within the scope of IFRS 9 Financial Instruments standard, amounting to a total of TL 200.050 for bank deposits has been recorded in the financial statements by calculating the expected loss provisions. (December 31, 2020: TL 101.751)

Reconciliation between the elements comprising cash and cash equivalents in the statement of financial position and statement of cash flows:

	December 31, 2021	December 31, 2020
Cash and cash equivalents	56.203.611	47.577.063
Less: Accrued interest	(1.179.264)	(480.233)
Expected loss provision	200.050	101.751
	55.224.397	47.198.581

As at 31 December 2021 and December 31, 2020 interest and maturity details of the bank deposits are as follows:

	December 31, 2021			
	Interest rate %	Maturity	Currency	Amount TL
TL Time Deposit	16,35	January 4, 2022	TL	41.073.081
				41.073.081
December 31, 2020				
	Interest rate %	Maturity	Currency	Amount TL
TL Time Deposit	18,75	February 1, 2021	TL	20.245.168
TL Time Deposit	16,75	January 5, 2021	TL	20.722.424
				40.967.592

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5. CASH AND CASH EQUIVALENTS (continued)

The exchange rate, interest rate risks and sensitivity analyzes for the Company's financial assets and liabilities are disclosed in Note 25.

As of December 31, 2021, the gross interest rate on the Takasbank money market transaction is %16,45 (December 31, 2020: %18,05).

6. FINANCIAL INVESTMENTS

6.1 Current financial investments

	December 31, 2021	December 31, 2020
Financial assets designated at fair value through profit or loss	10.260.129	18.109.746
	10.260.129	18.109.746
	December 31, 2021	
	Nominal (*)	Fair value
Corporate Bonds and Bills	1.500.000	1.489.755
Investment Funds	230.000.000	8.770.374
		10.260.129

(*) Nominal values of investment funds and securities quoted in an active market are presented in units, government bonds and private sector bonds are presented in TL.

	December 31, 2020	
	Nominal (*)	Fair value
Investment funds	350.078.146	18.109.746
		18.109.746

(*) Nominal values of investment funds and securities quoted in an active market are presented in units, government bonds and private sector bonds are presented in TL.

As of 31 December 2021, the interest rate of private sector bonds and bills held for trading is 17.93%. (31 December 2020: None).

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6. FINANCIAL INVESTMENTS (continued)

6.2 Non-current financial investments

As of December 31, 2021 and December 31, 2020 details of investments held-to-maturity are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Financial assets designated at fair value through profit or loss	209.232.576	197.208.181
	<u>209.232.576</u>	<u>197.208.181</u>

Financial assets designated at fair value through profit or loss

As of December 31, 2021 and December 31, 2020, the fair value detail of the Company's subsidiaries and associates (venture capital investments) is as follows:

<u>Subsidiaries and associates name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Toksöz Spor	74.054.588	71.137.941
Ortopro	54.562.333	52.628.389
Mikla (Numnum)	20.173.500	16.046.506
Radore	28.249.497	26.515.977
Nevotek	3.205.487	11.385.778
Tatil Budur	28.987.171	19.493.590
	<u>209.232.576</u>	<u>197.208.181</u>

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6. FINANCIAL INVESTMENTS (continued)

6.2 Non-current financial investments (continued)

As of 31 December 2021 and 31 December 2020, details of the Company's subsidiaries and associates (venture capital investments) are as follows:

Subdiaries and associates	Acquisition date	Place of establishment and operation	Share (%)		Voting power
			December 31, 2021	December 31, 2020	
Nevotek	30.09.2003	Turkey	95,37	95,37	95,37
Ortopro	10.12.2007	Turkey	97,22	97,22	97,22
Toksöz Spor	13.11.2012	Turkey	90,63	90,63	90,63
Mikla (Numnum)	05.12.2012	Turkey	83,57	83,57	83,57
Radore	01.12.2014	Turkey	25,50	25,50	25,50
Tatil Budur	06.11.2015	Turkey	40,00	40,00	40,00

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6. FINANCIAL INVESTMENTS (continued)

6.2 Non-current financial investments (continued)

Financial assets designated at fair value through profit or loss (continued)

Discounted cash flow method and market approach methods were to determine fair values. Valuation model considers the present value of the expected payment, discounted using a risk adjusted discounted rate. The expected payment is determined by considering the possible scenarios of forecast earnings before interest tax depreciation and amortization ("EBITDA"), the amount to be paid under each scenario and the probability of each scenario. The market approach determines the value of the relevant company based on the valuation factors that occur in similar transactions and the valuation factors of similar publicly traded companies in the sector. Subsidiaries' estimated annual revenue growth rate is between 2,2% with 9% estimated EBITDA ratio is between 2,5% with 38,8%, estimated risk adjusted discount rates are between %15 and %25,2.

Generally, a change in the annual revenue growth rate is accompanied by a directionally similar change in EBITDA margin and net profit.

For the fair values of subsidiaries and associate of the Company, reasonably possible changes at 31 December 2021 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Sensitivity analysis December 31, 2021	Profit or (loss)	
	Increase	Decrease
Annual revenue growth rate (0.5% change)	7.307.709	(6.720.570)
EBITDA growth rate (0.5% change)	7.265.967	(6.761.476)
Risk adjusted discount rate (0.5% change)	(10.319.933)	11.028.595

The value of the company's affiliated company, which was valued based on the use of market approach, will change by TL +/- 423.225 when the multiplier used is increased and decreased by 0.5%.

There is no contractual restriction on the ability of the subsidiaries and the associates to transfer funds to the Company in the form of dividends or repayment of loans and advances given.

The Company does not have any commitments or intentions to provide financial support to the subsidiaries and the associates, including those that aims to assist the subsidiaries and the associates to obtain financial support except for the shares pledged described in Note 12.

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6. FINANCIAL INVESTMENTS (continued)

6.2 Non-current financial investments (continued)

The Company does not have any contractual agreements which may require it, its subsidiaries and associates to provide financial support to a non-consolidated, controlled, restructured entity, including events and conditions that may expose it to losses.

7. TRADE PAYABLES

As at December 31, 2021 and December 31, 2020, the details of the Company's trade payables are as follows:

	December 31 2021	December 31 2020
Short term trade payables		
Due to related parties	1.092.780	4.201
	1.092.780	4.201

8. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

As at 31 December 2021 and 31 December 2020, the details of the Company's other receivables are as follows:

	December 31 2021	December 31 2020
Short Term Other Receivables		
Share sales receivables	-	1.909.525
Other receivables from related parties	10.344	-
	10.344	1.909.525

	December 31 2021	December 31 2020
Long Term Other Receivables		
Deposits and guarantees given	150	150
	150	150

b) Other Payables:

As at December 31, 2021 and December 31, 2020, the details of the Company's other payables are as follows:

	December 31 2021	December 31 2020
Other short term payables		
Other miscellaneous payables	486	-
	486	-

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9. TANGIBLE ASSETS

For the years ended December 31, 2021 and December 31, 2020, the details of the Company's tangible assets are as follows:

	Furniture and Fixtures	Leasehold Improvements	Total
<u>Cost</u>			
Opening balances at January 1, 2021	548.594	1.061.096	1.609.690
Additions	8.448	-	8.448
Disposals	(1.485)	-	(1.485)
Net carrying amount at December 31, 2021	555.557	1.061.096	1.616.653
<u>Accumulated Depreciation</u>			
Opening balance at January 1, 2021	(462.953)	(1.056.480)	(1.519.433)
Period Cost (*)	(34.562)	(952)	(35.514)
Disposals	1.485	-	1.485
Closing balance at December 31, 2021	(496.030)	(1.057.432)	(1.553.462)
Net carrying amount at December 31, 2021	59.527	3.664	63.191
Net carrying amount at January 1, 2021	85.641	4.616	90.257
<u>Cost</u>			
Opening balances at January 1, 2020	524.244	1.061.096	1.585.340
Additions	29.611	-	29.611
Disposals	(5.261)	-	(5.261)
Closing balance at December 31, 2020	548.594	1.061.096	1.609.690
<u>Accumulated Depreciation</u>			
Opening balances at January 1, 2020	(436.087)	(1.055.525)	(1.491.612)
Charge for the year	(32.127)	(955)	(33.082)
Disposals	5.261	-	5.261
Closing balance at December 31, 2020	(462.953)	(1.056.480)	(1.519.433)
Net carrying amount at December 31, 2020	85.641	4.616	90.257
Net carrying amount at January 1, 2020	88.157	5.571	93.728

(*) In the current period, depreciation of TL 35.514 is included in general administrative expenses (January 1- December 31, 2020: TL 33.082)

(**) As at 31 December 2021 and 2020, there is no pledge on tangible assets.

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10. INTANGIBLE ASSETS

For the years ended December 31, 2021 and December 31, 2020, the details of the Company's intangible assets are as follows:

	Computer software	Total
<u>Cost</u>		
Opening balances at January 1, 2021	75.054	75.054
Additions	-	-
Net carrying amount at December 31, 2021	75.054	75.054
<u>Accumulated Amortization</u>		
Opening balances at January 1, 2021	(75.054)	(75.054)
Charge for the year	-	-
Closing balance at December 31, 2021	(75.054)	(75.054)
Net carrying amount at December 31, 2021	-	-
Net carrying amount at January 1, 2021	-	-
	Computer software	Total
<u>Cost</u>		
Opening balances at January 1, 2020	75.054	75.054
Additions	-	-
Net carrying amount at December 31, 2020	75.054	75.054
<u>Accumulated Amortization</u>		
Opening balances at January 1, 2020	(75.054)	(75.054)
Charge for the year	-	-
Closing balance at December 31, 2020	(75.054)	(75.054)
Net carrying amount at December 31, 2020	-	-
Net carrying amount at January 1, 2020	-	-

As of 31 December 2021 and 2020, the Company has no intangible assets created within the enterprise.

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11. RIGHT TO USE ASSETS AND RENTAL OBLIGATIONS

Right of Use Assets	2021	2020
Cost		
Registered as of January 1, gross	2.268.499	2.000.365
Adjustment at the beginning of the period	1.505	75.101
Recorded during the period	1.329.529	193.033
Disposals (*)	(2.461.664)	-
Gross Balance as of 31 December	1.137.869	2.268.499
Accumulated Depreciation		
Opening Balance, January 1	(947.167)	(379.503)
Period's Amortization Expense	(463.679)	(567.664)
Disposals (*)	1.131.582	-
December 31	(279.264)	(947.167)
Net Balance as of 31 December	858.605	1.321.332

(*) Due to the reduction of the leased area and the transfer of the leased vehicle contracts of the departing personnel, a net outflow of TL 1.330.082 was realized in the right of use assets.

Lease Payables	2021	2020
Registered as of January 1	1.490.203	1.720.414
Adjustment at the beginning of the period	(1.320)	(50.915)
Recorded during the period	1.329.529	193.033
Interest income (-)	269.065	327.383
Rent paid (-)	(639.230)	(699.712)
Disposal (-)	(1.553.354)	-
Balance as of 31 December	894.893	1.490.203

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12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The shares of İş Girişim Sermayesi in Ortopro have been pledged in order to obtain a 5-year maturity loan for Ortopro from Yapı Kredi Bankası A.Ş. for the purpose of restructuring Ortopro's short-term loans.

İş Girişim Sermayesi is a subsidiary of Tatil Budur Travel Agency and Turizm A.Ş. ("Tatil Budur") of the capital, a total of 160,000 shares of 20%, to 81 600 units, with Tail Budur and Türkiye İş Bankası A.Ş. (the Bank) has been pledged in favor of the Bank in order to constitute the guarantee of all kinds of debts arising and to be incurred under the limited cash and non-cash general loan agreement signed between TL 52.000.000. However, as stated in footnote 6, a total of 163,200 shares were pledged in favor of the Bank, with the pledge of additional 81,600 shares following the transfer of the 20.00% shares from Çetin Yılmaz to the Company free of charge.

İş Girişim Sermayesi, a subsidiary of Toksöz Sporting Goods Trading Inc. ("Toksöz") all of the shares will be where the owner of the capital and found Toksöz Türkiye İş Bankası A.Ş. ("the Bank") used / uses that loans has been pledged in favor of the Bank as a guarantee of all kinds of debts arising and to be born.

The Company's subsidiary Toksöz Spor Malzemeleri Ticaret A.Ş. in the case no. 2017/372, which was opened in the 3rd Commercial Court of First Instance, the decision regarding the capital reduction taken in the extraordinary general assembly dated 28/02/2017 and the resolution regarding the capital increase taken in the extraordinary general assembly dated 07/04/2017 it was decided to cancel. Toksöz filed an appeal against the decision, on 03.06.2020 and it was decided by the 12th Civil Chamber of the Istanbul Regional Court of Justice with case number 2018/1134 and decision number 2020/547 to abolish the decision with the opportunity to appeal, and the appeal process was concluded in favor of Toksöz. The plaintiff filed an appeal against the decision granted in favor of Toksöz with case number 2018/1134 and decision number 2020/547 of the 12th Civil Chamber of the İstanbul Regional Court of Justice. The plaintiff's appeal was responded by Toksöz within the legal period and the appeal review is currently ongoing before the 11th Civil Chamber of the Supreme Court of Appeals with case file numbered 2020/6203 of. In addition, a lawsuit is initiated before Bakırköy 2nd Commercial Court with case file 2020/200 for cancellation of the simultaneous capital decrease and increase resolution taken as per agenda items 9 and 10 of the ordinary general assembly meeting convened for the year of 2018, dated 25.12.2019 and the Board of Directors resolution dated 31.12.2018 of the affiliated company, Toksöz, including a request for an interim injunction to hold the execution of such resolutions. The proceedings are ongoing.

No collateral, pledge or mortgage has been provided by the Company for its own debt.

The Company has not been any party to lawsuits within the period of ordinary activities as defendant.

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13. EMPLOYEE BENEFITS

As at December 31, 2021 and December 31, 2020, the details of the Company's employee benefits are as follows:

	December 31, 2021	December 31, 2020
Short term		
Provision for employee bonuses	600.000	600.000
Vacation pay liability	92.335	653.256
	692.335	1.253.256
Long term		
Reserve for employee severance payments	213.033	408.623
	213.033	408.623

Under Turkish Labour Law, the Company is required to pay employment termination benefits to each employee whose employment is terminated by gaining the right to receive the termination benefits. In addition, based on the amended 60th article of the current Social Insurance Law's numbered 506 together with amendments dated 6 March 1981, numbered 2422, dated 25 August 1999 and numbered 4447, the Company is obliged to pay termination benefits to the employees who are quitted by gaining right to receive their termination benefits. Some provisions for the pre-retirement service conditions are abolished from the law with amendment on 23 May 2002.

The reserve for severance pay liability as at 31 December 2021 is based on the monthly ceiling amounting to TL 8.284,51. (31 December 2020: TL 7.117,17).

The reserve has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the actuarial assumptions explained in the following paragraph were used in the calculation of total liability.

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. Consequently, in the accompanying statement of financial position as at December 31, 2021, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The provision at the end of the reporting period has been calculated assuming an annual inflation rate of 15,07% and a interest rate of 19,10% resulting in a net discount rate of approximately 3.50% (December 31, 2020: annual inflation rate of 8% and an interest rate of 12,40% resulting in a net discount rate of approximately 4.07%) . The anticipated rate of forfeitures is also considered.

The movement of provision for retirement pay provision:

	January 1- December 31, 2021	January 1- December 31, 2020
Provision as at January 1	408.623	382.040
Service cost	30.017	84.293
Interest cost	78.047	47.373
Severance indemnity paid	(563.392)	(115.075)
Actuarial Loss / (gain)	259.738	9.992
Provision as at the end of the period	213.033	408.623

Actuarial differences are accounted for in comprehensive income.

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13. EMPLOYEE BENEFITS (continued)

The movement of provision for employee bonuses:

	January 1- December 31, 2021	January 1- December 31, 2020
Provision as at January 1	600.000	600.000
Charge for the year	538.876	553.900
Paid bonuses	(538.876)	(553.900)
Provision as at the end of the period	600.000	600.000

The movement of vacation pay liability:

	January 1- December 31, 2021	January 1- December 31, 2020
Provision as at January 1, 2020	653.256	702.076
Paid vacation liability	(773.647)	(74.830)
Charge for the year	212.726	26.010
Provision as at the end of the period	92.335	653.256

14. PREPAID EXPENSES

As at 31 December 2021 and 31 December 2020, the details of the Company's prepaid expenses are as follows:

	January 1- December 31, 2021	January 1- December 31, 2020
Short Term		
Prepaid expenses	1.175.217	529.495
Job advances	19.081	16.222
	1.194.298	545.717

There is not any long term liability (31 December 2020: None).

15. OTHER ASSETS AND LIABILITIES

As at December 31, 2021 and December 31, 2020, the details of the Company's other assets and liabilities are as follows:

	December 31, 2021	December 31, 2020
Other Current Assets		
Prepaid taxes and funds	1.181.323	1.079.051
Other	21.018	
	1.202.341	1.079.051
Other Short-Term Liabilities		
Accrued expenses	508.287	668.882
Taxes and funds payable	70.813	144.209
	579.100	813.091

There is not any long term liability (31 December 2020: None).

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16. EMPLOYEE BENEFITS PAYABLE

As at 31 December 2021 and 31 December 2020, the details of the Company's liabilities related to employee benefits are as follows:

	December 31, 2021	December 31, 2020
Social security contributions payable	22.129	57.768
	22.129	57.768

17. CAPITAL AND RESERVES

a) Share Capital

As at 31 December 2021 and 31 December 2020, the capital structure of the Company is as follows:

Shareholder	Company	%	December 31 2021	%	December 31 2020
İş Yatırım Menkul Değerler A.Ş.	A	8,9	6.635.776	8,9	6.635.776
İş Yatırım Menkul Değerler A.Ş.	B	20,1	15.019.652	20,1	15.019.652
Türkiye Sınai Kalkınma Bankası A.Ş.	B	16,7	12.442.079	16,7	12.442.079
Türkiye Teknoloji Geliştirme Vakfı	B	11,1	8.294.719	11,1	8.294.719
Other	B	11,1	8.294.719	11,8	8.843.298
Public Capital	B	32,1	23.965.535	31,4	23.416.956
Nominal capital			74.652.480		74.652.480

The Company's capital consists of 7.465.248.000 shares as of 31 December 2021 (31 December 2020: 7.465.248.000 shares). The nominal value of the shares is TL 0.01 per share (31 December 2020: 0,01 TL per share).

The nominal share capital of the Company amounting to TL 74,652,480 comprised of Group A and Group B shares, amounting to TL 6.635.776 and TL 68.016.704 respectively. Group A shareholders have the privilege during the BOD election to nominate four members of the total seven members. In addition, one of the members of the Board representing Group B, is elected among the candidates nominated by Türkiye Teknoloji Geliştirme Vakfı unless their share in issued capital is below TL 2.000.000.

During the capital increase, in exchange for Group A shares Group A, in exchange for Group B shares Group B shares is issued. During the capital increase through the restriction of pre-emption rights, only the Group B shares can be issued.

No preferred shares can be issued, except for the preferred shares giving the right to suggest candidate while electing the two thirds of the BOD members or giving dividend right. The fractional number is rounded when calculating the two thirds of the BOD members. After going to public, no preferences can be created including the preference to suggest candidate to the BOD membership and preference for taking dividend.

b) Adjustment share capital

As of December 31, 2021 the Company's capital adjustment differences consist of inflation adjustment differences amounting to TL 21.606.400 resulting from application of inflation accounting until December 31, 2004 (December 31, 2020: TL 21.606.400).

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17. CAPITAL AND RESERVES (continued)

c) Dividend distribution:

Excess amount between selling price and nominal value for each share was recorded as share premium in equity. The company has share premium in the amount of 7.000.000 as of December 31, 2021. (December 31, 2020: 7.000.000 TL)

d) Legal Reserves

In accordance with Turkish Commercial Code, legal reserves consist of first and second legal reserves. First legal reserves are generated by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of historical based paid-in share capital (not adjusted for the effects of inflation). Second legal reserve is generated by 10% over the total of cash dividend distribution after the first legal reserves and dividend distributions. The Company did not allocate legal reserves since the first order legal reserves reached 20% of the paid-in capital in 2021 based on the decision of the Ordinary General Assembly Meeting dated 17 March 2021 (December 31, 2020: TL 446.886). As at December 31, 2021, the Company has legal reserves amounting to TL 21.620.416 (December 31, 2020: TL 21.620.416). Company's profit distribution of the Turkish Commercial Code and Capital Markets operate in accordance with the regulations in legislation.

e) Retained Earnings

As at December 31, 2021, the Company has retained earnings amounting to TL 139.093.528. (December 31, 2020: TL 137.043.221)

Dividend distribution:

Publicly held companies distribute dividends based on the Capital Market Board ("CMB") regulations explained below:

According to CMB's decision on 27 January 2010 numbered 02/51, corporations traded on the stock exchange market are not obliged to distribute a specified amount of dividends derived from the profits of 2009. For corporations that will distribute dividends, in relation to the resolutions in their general assembly meeting the dividends may be in cash, may be free by adding the profit into equity, or may be partially from both, it is also permitted not to distribute determined first party dividends falling below 5 percent of the paid-in capital of the company but, corporations that increased capital before distributing the previous year's dividends and as a result their shares are separated as "old" and "new" are obliged to distribute 1st party dividends in cash.

The Company distributes dividend in accordance with requirements in Turkish Commercial Code and Capital Market Regulations.

In accordance with the resolutions dated 17 March 2021 in the General Assembly of the Company, it has been decided not to distribute dividends and TL 2.050.307 in retained earning has been reclassified to extraordinary reserves after deducting legal reserves (31 December 2020: There was no dividend distribution.).

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18. REVENUE AND COST OF SALES

For the years ended December 31, 2021 and December 31, 2020 the details of the Company's revenue and cost of sales are as follows:

Revenue	January 1 – December 31, 2021	January 1 – December 31, 2020
Decrease in fair value of subsidiaries and associates (net)(Note 26)	12.024.395	(3.830.899)
Interest income on bank deposits	6.776.998	3.444.225
Securities capital gains (net)	2.890.872	3.245.088
Interest income from treasury bonds and private sector bonds	320.849	44.000
Reverse repo and Takasbank interest income	849.712	302.304
Investment security fair value gains (net)	214.513	7.169.543
Affiliate company sales revenue	-	24.025.000
Dividend income	-	1.780.476
	23.077.339	36.179.737

(*) Due to partial sale of the affiliate company in 2020, TL 24,025,000, and the same amount was recorded as the cost of sales.

Cost of Sales	31 December 2021	31 December 2020
Cost of Afilliate and Subsidiary sales	-	(24.025.000)
	-	(24.025.000)

19. ADMINISTRATIVE EXPENSES

For the years ended December 31, 2021 and December 31, 2020, the details of the Company's administrative expenses are as follows:

	January 1- December 31, 2021	January 1- December 31, 2020
Personnel expenses	(4.091.827)	(5.013.701)
Salaries of Board of Directors	(1.108.800)	(979.650)
Executive insurance	(923.171)	(556.618)
Outsourcing expenses	(689.315)	(583.219)
Audit and consultancy expenses	(555.813)	(574.748)
Increase in provision for bonus expenses	(538.876)	(553.900)
Depreciation and amortization expenses	(499.193)	(600.746)
Other expenses	(389.714)	(404.012)
IFRS 16 Interest expense	(269.065)	(327.383)
Increase in unused vacation provision expenses	(212.726)	(19.511)
Communication, electricity and stationary expenses	(172.823)	(154.211)
Increase in severance pay expenses	(108.064)	(131.666)
Representation expenses	(77.517)	(38.593)
Rent expenses	(50.954)	(54.988)
Tax and dues	(44.805)	(55.525)
	(9.732.663)	(10.048.471)

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20. OTHER OPERATING INCOME AND EXPENSES

For the years ended December 31, 2021 and December 31, 2020, the details of the Company's other operating income and expenses are as follows:

	January 1- December 31, 2021	January 1- December 31, 2020
Other operating income		
TFRS 9 Provision income	226.098	126.093
Foreign exchange gains	360	747
Other income and profits	65	-
Fixed assets and scrap sales	-	508
	226.523	127.348
	January 1- December 31, 2021	January 1- December 31, 2020
Other operating expenses		
Commissions paid	(1.496.041)	(76.332)
TFRS 9 Provision expenses	(98.299)	(97.432)
Foreign exchange expenses	(512)	(9.543)
	(1.594.852)	(183.307)

21. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

İş Girişim Sermayesi Yatırım Ortaklığı AŞ is exempt from corporate taxes in accordance with 5th/d-3 article of Corporate Tax Law. In addition, income from venture capital activities is not subject to advance corporate tax.

With 3 sub paragraph of 15th article of Corporate Tax Law and with the decree of the Council of Ministers, the income arises from venture capital investment company will be subject to 0% withholding tax.

22. EARNINGS PER SHARE

	January 1- December 31, 2021	January 1- December 31, 2020
Earnings per share		
Weighted average number of shares available during the period (full amount)	74.652.480	74.652.480
Total	74.652.480	74.652.480
Net profit for the year	11.976.347	2.050.307
Basic and diluted earnings per share (TL 1 nominal value)	0,16043	0,02747

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23. EFFECTS OF FOREIGN EXCHANGE RATE CHANGES

The analysis of the effects of changes in foreign exchange in December 31, 2021 and December 31, 2020 is disclosed in Note 25.

24. REPORTING IN HYPERINFLATIONARY ECONOMIES

In accordance with the CMB's resolution No: 11/367 issued on 17 March 2005, companies operating in Turkey which prepare their financial statements in accordance with the CMB Accounting Standards (Including the application of IFRS) are not subject to inflation accounting effective from 1 January 2005. Therefore, as of 1 January 2005, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied in the accompanying financial statements.

25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the operations will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

98.8% of total liabilities of the Company are comprised of shareholders equity. There is not any other significant financing resources other than share capital.

Financial risk factors

The risks of the Company, resulted from operations, include market risk (including currency risk, fair value interest rate risk, and price risk), credit risk and liquidity risk. The Company's risk management program generally focuses on minimizing the effects of uncertainty in financial market on financial performance of the Company.

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss of the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

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25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit risk management (continued)

	Receivables					
	Trade Receivables		Other Receivables		Cash and Cash Equivalents(**)	Financial Investments(***)
	Related Parties	Third Parties	Related Parties	Third Parties		
December 31, 2021						
Maximum credit risk exposure as at report date (*)	-	-	10.494	-	56.201.764	10.260.129
- The part of maximum risk under guarantee with collateral etc.						
A. Net book value of financial assets that are neither past due nor impaired	-	-	10.494	-	56.201.764	10.260.129
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-
- the part under guarantee with collateral etc.						
D. Net book value of impaired assets						
- Past due (gross carrying amount)						
- Impairment (-)						
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
E. Elements including credit risk on off statement of financial position						

(*) Deposits and guarantees and collaterals are excluded since they are not financial assets.

(**) Cash on hand is excluded.

(***) Shares quoted to stock exchange are excluded.

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25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Credit risk management (continued)

	Receivables					
	Trade Receivables		Other Receivables		Cash and Cash Equivalents(**)	Financial Investments(***)
December 31, 2020	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum credit risk exposure as at report date (*)	-	-	150	1.909.525	47.576.107	18.109.746
- The part of maximum risk under guarantee with collateral etc.						
A. Net book value of financial assets that are neither past due nor impaired	-	-	150	1.909.525	47.576.107	18.109.746
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-
- the part under guarantee with collateral etc.						
D. Net book value of impaired assets						
- Past due (gross carrying amount)						
- Impairment (-)						
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc	-	-	-	-	-	-
E. Elements including credit risk on off statement of financial position						

(*) Deposits and guarantees and collaterals are excluded since they are not financial assets.

(**) Cash on hand is excluded.

(***) Shares quoted to stock exchange are excluded.

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25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Liquidity risk management

Liquidity risk management responsibility mainly belongs to the top management. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. The Company does not have any loans and uses only its shareholders equity. Investments in equity companies are financed through security portfolio or funds in time deposit. Securities in portfolio have secondary market and have high liquidity and maturity is arranged according to liquidity requirements.

The table below shows the maturity profile of Company's non-derivative financial liabilities. The non- derivative financial instruments is presented on an undiscounted cash flow basis and according to the earliest date of the payments required to be done.

December 31, 2021

Contractual maturity	Carrying Value	Contractual cash flows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Trade payables	1.092.780	1.092.780	1.092.780	-	-	-
Other payables (*)	508.773	508.773	508.773	-	-	-
Payables from leases	894.893	1.383.471	74.115	222.344	1.087.012	-
Total liabilities	2.496.446	2.985.024	1.675.668	222.344	1.087.012	-

(*) Taxes and other duties payables are excluded from other short term payables.

December 31, 2020

Contractual maturity	Carrying Value	Contractual cash flows (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Trade payables	4.201	4.201	4.201	-	-	-
Other payables (*)	668.882	668.882	668.882	-	-	-
Payables from leases	1.490.203	1.964.124	189.616	528.109	1.246.399	-
Total liabilities	2.163.286	2.637.207	862.699	528.109	1.246.399	-

(*) Taxes and other duties payables are excluded from other short term payables.

Market risk management

The Company is exposed to financial risks related to foreign currency changes based on its operations. The Company's exposure to market risks is measured in accordance with sensitivity analysis.

There has been no change in the Company's exposure to market risks or the manner which it manages and measures the risk compared to previous year.

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25 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management

Transactions denominated in foreign currencies cause foreign currency fluctuations to arise.

The foreign currency denominated assets and liabilities of monetary and non-monetary items as at December 31, 2021 are as follows:

	TL (Functional currency)	US Dollar	Euro	Other
December 31, 2021				
1. Trade Receivables	-	-	-	-
2a. Monetary Financial Assets	1.697	104	24	-
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	1.697	104	24	-
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	1.697	104	24	-
10. Trade Payables	-	-	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. SHORT TERM LIABILITIES	-	-	-	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. LONG TERM LIABILITIES	-	-	-	-
18. TOTAL LIABILITIES	-	-	-	-
19. Off balance sheet derivatives net asset/liability position (19a-19b)	-	-	-	-
19a. Active off balance sheet derivative (foreign currency)	-	-	-	-
19b. Active off balance sheet derivative (foreign currency)	-	-	-	-
20. Net foreign currency asset liability position	1.697	104	24	-
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a))	1.697	104	24	-
22. Fair value of derivative instruments used in foreign				
Currency hedge	-	-	-	-
23. Hedged portion of foreign currency assets	-	-	-	-
24. Hedged portion of foreign currency liabilities	-	-	-	-
23. Export	-	-	-	-
24. Import	-	-	-	-

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25 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management (continued)

December 31, 2020	TL (Functional currency)	US Dollar	Euro	Other
1. Trade Receivables	-	-	-	-
2a. Monetary Financial Assets	138.076	18.219	482	-
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	138.076	18.219	482	-
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	138.076	18.219	482	-
10. Trade Payables	-	-	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	(241.342)	(32.878)	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. SHORT TERM LIABILITIES	(241.342)	(32.878)	-	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. LONG TERM LIABILITIES	-	-	-	-
18. TOTAL LIABILITIES	(241.342)	(32.878)	-	-
19. Off balance sheet derivatives net asset/liability position (19a-19b)	-	-	-	-
19a. Active off-balance sheet derivative (foreign currency)	-	-	-	-
19b. Active off-balance sheet derivative (foreign currency)	-	-	-	-
20. Net foreign currency asset liability position	(103.266)	(14.659)	482	-
21. Net foreign currency asset / (liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a))	(103.266)	(14.659)	482	-
22. Fair value of derivative instruments used in foreign Currency hedge	-	-	-	-
23. Hedged portion of foreign currency assets	-	-	-	-
24. Hedged portion of foreign currency liabilities	-	-	-	-
23. Export	-	-	-	-
24. Import	-	-	-	-

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25 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management (continued)

Foreign currency risk sensitivity analysis

The Company is mainly exposed to foreign currency risks in US Dollar and Euro.

The following table shows the Company's sensitivity to a 10% increase and decrease in US Dollar and Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit / loss and other equity.

	December 31, 2021			
	Profit / Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
10% appreciation / depreciation of TL against the U.S. Dollar				
1 - US Dollar net asset / liability	134	(134)	-	-
2- Portion secured from US Dollar (-)	-	-	-	-
3- US Dollar net effect (1 +2)	134	(134)	-	-
10% appreciation / depreciation of TL against Euro				
4 – Euro net asset / liability	36	(36)	-	-
5 – Portion secured from Euro (-)	-	-	-	-
6- Euro net effect (4+5)	36	(36)	-	-
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset / liability	-	-	-	-
8- Portion secured from other currency (-)	-	-	-	-
9- Other currency net effect (7+8)	-	-	-	-
TOTAL (3 + 6 +9)	170	(170)	-	-

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25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management (continued)

Foreign currency risk sensitivity analysis (continued)

	December 31, 2020			
	Profit / Loss		Equity	
	The appreciation of foreign currency	The depreciation of foreign currency	The appreciation of foreign currency	The depreciation of foreign currency
10% appreciation / depreciation of TL against the U.S. Dollar				
1 - US Dollar net asset / liability	(10.761)	10.761	-	-
2- Portion secured from US Dollar (-)			-	-
3- US Dollar net effect (1 +2)	(10.761)	10.761	-	-
10% appreciation / depreciation of TL against Euro				
4 – Euro net asset / liability	434	(434)	-	-
5 – Portion secured from Euro (-)			-	-
6- Euro net effect (4+5)	434	(434)	-	-
10% appreciation / depreciation of TL against other currencies				
7- Other foreign currency net asset / liability	-	-	-	-
8- Portion secured from other currency (-)			-	-
9- Other currency net effect (7+8)	-	-	-	-
TOTAL (3 + 6 +9)	(10.327)	10.327	-	-

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25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Interest rate risk

Changes in market interest rates causing fluctuations in the prices of financial instruments of the Company's interest rate risk leads to the necessity to deal with.

Interest positions at the December 31, 2021 and December 31, 2020 are as follows:

Interest Position Table

	December 31, 2021	December 31, 2020
Fixed interest rate instruments		
Financial assets		
Financial assets at fair value through profit or loss	1.489.755	-
Time deposits	41.073.081	40.967.592
Takasbank money market receivables	5.982.695	3.916.936
	48.545.531	44.884.528
Floating interest rate instruments		
Financial assets		
Financial assets at fair value through profit or loss	-	-
	-	-

Fixed and variable income securities that are classified as designated at fair value through profit and loss in the Company's statement of financial position are exposed to price risk depending on interest rate changes. As at 31 December 2021 and 31 December 2020 according to the analysis that the Company calculated, effect on fixed and variable income securities' market value and the Company's net profit/loss, under the assumption that all other variables remain constant, in the case of 1% interest rate increase or decrease of TL denominated securities and Eurobonds, presented below:

December 31, 2021

Type of risk	Risk rate	Direction of risk	Effect on net profit
Interest rate risk	% 1	Increase	(567)
		Decrease	568

December 31, 2020

Type of risk	Risk rate	Direction of risk	Effect on net profit
Interest rate risk	% 1	Increase	-
		Decrease	-

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25. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS (continued)

Other price risks

The Company's portfolio in equities and mutual funds, which are publicly traded, is exposed to price risk.

According to the statement of financial position as at December 31, 2021, in case of 1% increase/decrease, if all the other variables remain constant, in the value of investment fund that are in the Company's portfolio, with the effect of investment funds designated at fair value through profit or loss, net profit would be TL 181.052 (December 31, 2020: TL 207.521) lower/higher.

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26. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)

December 31, 2021	Financial assets measured with effective interest method	Financial assets and liabilities at fair value through profit or loss	Other financial liabilities measured with effective interest method	Carrying amount	Fair Value	Note
<u>Financial assets</u>						
Cash and cash equivalents	56.203.611	-	-	56.203.611	56.203.611	5
Financial investments	-	219.492.705	-	219.492.705	219.492.705	6
<u>Financial liabilities</u>						
Trade payables	-	-	1.092.780	1.092.780	1.092.780	7
Other financial liabilities(*)	-	-	508.773	508.773	508.773	8-15
Payables from leases	-	-	894.893	894.893	894.893	11
December 31, 2020	Financial assets measured with effective interest method	Financial assets and liabilities at fair value through profit or loss	Other financial liabilities measured with effective interest method	Carrying amount	Fair Value	Note
<u>Financial assets</u>						
Cash and cash equivalents	47.577.063	-	-	47.577.063	47.577.063	5
Financial investments	-	215.317.927	-	215.317.927	215.317.927	6
<u>Financial liabilities</u>						
Trade payables	-	-	4.201	4.201	4.201	7
Other financial liabilities(*)	-	-	668.882	668.882	668.882	8-15
Payables from leases	-	-	1.490.203	1.490.203	1.490.203	11

(*) Taxes and other duties payables are excluded from other liabilities.

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26. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (continued)

Fair value of financial instruments

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that is observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Classification of fair values of financial assets and liabilities are as follows:

Financial assets	December 31 2021	Fair value hierarchy at the end of the reporting period		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial asset at fair value through profit or loss	219.492.705	10.260.129	-	209.232.576
Cash and cash equivalents				
B type liquid funds	9.334.804	9.334.804	-	-
Total	228.827.509	19.594.933	-	209.232.576

Financial assets	December 31 2020	Fair value hierarchy at the end of the reporting period		
		Level 1 TL	Level 2 TL	Level 3 TL
Financial asset at fair value through profit or loss	215.317.927	18.109.746	-	197.208.181
Cash and cash equivalents				
B type liquid funds	2.642.353	2.642.353	-	-
Total	217.959.680	20.752.099	-	197.208.181

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26. FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES) (continued)

The movement table for level 3 real values is as follows:

Subsidiaries and participation	2021	2020
Balance at 1 January	197.208.181	191.564.080
Additions	-	3.500.000
Disposals	-	(24.025.000)
Capital increase		30.000.000
Include in revenue income / (expense)		
Changes in fair value	12.024.395	(3.830.899)
Balance at 31 December	209.232.576	197.208.181

Valuation methods of the fair values for Level 3 are presented in the Note 2.5 and 6.

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

Pursuant to the resolution of the Board of Directors of the Company dated June 24, 2021, numbered 612, the Board of Directors Capital Markets has decided to obtain portfolio management services from Maxis Girişim Capital Portfolio Management for the management of the portfolio consisting of existing venture capital investments in the Company's portfolio and new venture capital investments to be included in the portfolio. It was decided to approach the Board of Directors and the relevant request was made. Based on the approval of the Capital Markets Board dated 06.08.2021, numbered E-12233903-345.13-9482 and the resolution of the Board of Directors dated 19.08.2021, numbered 617, the Company and Maxis Girişim Capital Portfolio Management A.Ş. ("Portfolio") between the existing venture capital investments of the Portfolio and new venture capital investments to be made after the effective date of the Agreement ("Portfolio"), with effect from 01.09.2021 ("Agreement"). It was decided to enter into the Agreement and the corresponding agreement was signed on 19.08.2021.

28. EVENTS AFTER THE REPORTING PERIOD

The Company's subsidiary, Nevotek Bilişim Ses ve İletişim Sistemleri Sanayi ve Ticaret A.Ş. ("Nevotek") was approved for short-term financing in the amount of TL 7,000,000 (seven million) with a term of up to 1 year under Article 20/3 of the Communiqué on Principles Regarding Venture Capital Investment Trusts of the Capital Markets Board under the number III -48.3. The corresponding amount was disbursed to Nevotek on 11.01.2022.

29. FEES FOR SERVICES RECEIVED FROM THE INDEPENDENT AUDITOR'S

The audit service amounts received by the company in 2021 are as follows;

	31.12.2021	31.12.2020
Independent audit fee for the reporting period	88.650	77.880
Total	88.650	77.880

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ADDITIONAL NOTE: CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO BORROWINGS AND TOTAL EXPENSE

PORTFOLIO LIMITS, FINANCIAL DEBT and TOTAL EXPENSE COSTS				
	Financial Statement Captions	Regulations	31.12.2021 (TL)	31.12.2020 (TL)
A	Monetary and Capital Market Instruments	20/1-(b)	66.463.740	65.686.809
B	Private Equity Investments	20/1-(a)	209.232.576	197.208.181
C	Subsidiaries in Portfolio Management and Advisory Companies	20/1-(d) and (e)	-	-
D	Other Assets		3.328.929	4.946.032
E	Total Assets	3/1-(a)	279.025.245	267.841.022
F	Financial Borrowings	29	-	-
G	Provisions, Contingent Assets and Liabilities	20/2-(a)	-	-
H	Equity		275.530.489	263.813.880
I	Other Liabilities		3.494.756	4.027.142
E	Total Liabilities and Equity	3/1-(a)	279.025.245	267.841.022
	Other Financial Information	Regulations	31.12.2021(TL)	31.12.2020 (TL)
	Investments in Financial Market Instruments	20/1-(b)		
	I. Financial Market Instruments		25.576.851	24.668.519
	A- Private Sector Bonds		1.489.755	-
	İş Yatırım Menkul Değerler A.Ş.		-	-
	İş Gayrimenkul Ortaklığı A.Ş.		1.489.756	-
	B-Takasbank Stock Market		5.981.918	3.916.421
A1	C- Investment Funds		18.105.178	20.752.098
	T12 İş Portföy Second Stock Fund		14	3.771.023
	T13 İş Bankası Subsidiaries Index Share Fund		-	3.478.922
	IYR İş Portföy Target Hedge Fund		8.770.360	10.859.800
	T11 İş Portföy Money Market Fund		9.334.804	2.642.353
	D- Stocks		-	-
	İş Yatırım Ortaklığı A.Ş.		-	-
A2	TL and FX Denominated Term-Demand Deposits / Private Current - Sharing Account	20/1-(b)	40.886.889	41.018.289
B1	Collective Investment Institutions Established Abroad	21/3-(c)	-	-
B2	Combination of Debt and Equity Financing	21/3-(f)	-	-
B3	Non-Listed Shares of Publicly Traded Private Equity Companies	21/3-(e)	-	-
B4	Special Purpose Company	21/3-(g)	-	-
C1	Participation in Portfolio Management Company	20/1-(e)	-	-
C2	Participation in Consulting Company	20/1-(d)	-	-
F1	Short-Term Loans	29-Jan	-	-
F2	Long-Term Loans	29-Jan	-	-
F3	Short-Term Borrowing Instruments	29-Jan	-	-
F4	Long-Term Borrowing Instruments	29-Jan	-	-
F5	Other Short-Term Financial Borrowings	29-Jan	-	-
F6	Other Long-Term Financial Borrowings	29-Jan	-	-
G 1	Pledged	20/2-(a)	-	-
G 2	Collateral	20/2-(a)	-	-
G 3	Mortgages	20/1-(a)	-	-
I	Outsourced Services Expenses	26-Jan	3.946.808	2.063.175

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ADDITIONAL NOTE: CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO BORROWINGS AND TOTAL EXPENSE (continued)

PORTFOLIO LIMITATIONS, FINANCIAL LIABILITY AND TOTAL EXPENSE LIMIT CONTROL TABLE: FOR SHAREHOLDERS THOSE OFFERING THEIR SHARES TO PUBLIC

	Portfolio Restrictions (*)	Regulations	31.12.2021	31.12.2020	Min. /Max. Rate
1	Monetary and Capital Market Instruments	22/1- (b)	23.82	24.52	≤%65
2	Financial Market Instruments	22/1- (c)	9.17	9.21	
	A- Private Sector Bonds		0.53	-	≤ %10
	İş Yatırım Menkul Değerler A.Ş.		-	-	≤ %10
	İş Gayrimenkul Yatırım Ortaklığı A.Ş.		0.53	-	≤ %10
	B- Takasbank Stock Market		2.14	1.46	≤ %10
	C- Investment Funds		6.49	7.75	
	T12 İş Portföy Second Stock Fund		0	1.41	≤ %10
	TI3 İş Bankası Subsidiaries Index Share Fund		-	1.30	≤ %10
	IYR İş Portföy Target Hedge Fund		3.14	4.05	≤ %10
	TI1 İş Portföy Money Market Fund		3.35	0.99	≤ %10
D- Stock		-	-	≤ %10	
	İş Yatırım Ortaklığı A.Ş.		-	-	≤ %10
3	Private Equity Investments	22/1- (b)/(ğ)	74.99	73.63	≥%35
4	Participation in Portfolio Management Company	22/1- (ç)	-	-	≤ %10
5	Collective Investment Institutions Established Abroad	22/1-(e)	-	-	≤ % 49
6	Combination of Debt and Equity Financing	22/1- (h)	-	-	≤ %25
7	Non-Listed Shares of Publicly Traded Private Equity Companies	22/1- (f)	-	-	≤ %25
8	TL and FX Denominated Term-Demand Deposits / Private Current - Sharing Account (*)	22/1- (i)	14.65	15.31	≤ %20
9	Face Values Of Short-Term Borrowings and Debt Instruments (*)	29	-	-	≤ %50
10	Face Values Of Long-Term Borrowings and Debt Instruments	29	-	-	≤%200
11	Pledged, Collateral and Mortgages	22/1- (d)	-	-	≤ %10
12	Outsourced Services Expenses i	26/1	1.41	0.77	≤ %2,5

(*) According to 22(g). Clause of the Venture Capital Investment Trusts Basis Communiqué, since the amount of investments made to the venture companies that are suitable for small and medium size enterprises requirements exceeds the 5% of the total assets, 51% rated portfolio limitation is applied as 35% instead.