

ANNUAL REPORT 2020

İŞ PRIVATE EQUITY



CONTENTS

PRESENTATION

İŞ PRIVATE EQUITY IN BRIEF	2
OUR MISSION	5
OUR VISION	5
FINANCIAL HIGHLIGHTS	7
CAPITAL & SHAREHOLDING STRUCTURE	8
İŞ PRIVATE EQUITY'S INVESTMENTS IN NUMBERS	10
HIGHLIGHTS FROM İŞ PRIVATE EQUITY'S CORPORATE HISTORY	12
CHAIRMAN'S MESSAGE	14
CEO'S MESSAGE	16
MACROECONOMIC REVIEW	19
SECTORAL REVIEW	23
OUR BUSINESS MODEL	26
İŞ PRIVATE EQUITY'S DISTINGUISHED ADVANTAGES	28
INVESTMENTS AND EXITS	30
THE COMPANIES IN OUR PORTFOLIO	32
TATİL BUDUR	34
RADORE	36
MİKLA	38
SPORTİVE	40
ORTOPRO	42
NEVOTEK	44
HAVAŞ: AN AVIATION INDUSTRY SUCCESS STORY	46

SUMMARY OF 2020 OPERATIONS	50
İŞ PRIVATE EQUITY AT BORSA İSTANBUL	51
DIVIDEND POLICY	52
CHANGES IN THE LEGAL FRAMEWORK DURING 2020	52

CORPORATE GOVERNANCE AND RISK MANAGEMENT

ORGANIZATIONAL CHART	53
THE COMPANY'S CODE OF ETHICS	54
INFORMATION ON CORPORATE GOVERNANCE PRACTICES IN 2020	55
RISK MANAGEMENT AND INTERNAL CONTROL	62
LEGAL DISCLOSURES	63

ORDINARY GENERAL ASSEMBLY MEETING AGENDA

2020 PROFIT DISTRIBUTION TABLE	64
--------------------------------	----

FINANCIAL INFORMATION

FINANCIAL STATEMENTS, NOTES AND INDEPENDENT AUDITOR'S REPORT	66
--	----

CONTACT INFORMATION

COMPANY PROFILE

Reporting Period:

1 January 2020 - 31 December 2020

Trade Name: İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.

Headquarters: İstanbul

Founded: 31 October 2000

Contact Information:

İş Kuleleri Kule 2, Kat: 2

34330 Levent - İstanbul

Tel: +90 212 325 17 44

Fax: +90 212 270 58 08

Email: info@isgirisim.com.tr

Trade Registration: İstanbul 447258

MERSIS: 6578966933552116

Website: www.isgirisim.com.tr

Issued Capital: TL 74,652,480

Registered Capitalization: TL 250,000,000

WE SUPPLY COMPANIES WITH “INTELLIGENT CAPITAL”, BY WHICH WE MEAN BOTH TANGIBLE AND INTANGIBLE ASSETS AND WE PROVIDE END-TO-END STRATEGIC AND MANAGEMENT GUIDANCE IN EVERYTHING FROM INSTITUTIONALIZATION TO ACHIEVING SUSTAINABLE GROWTH.



**INTELLIGENT
CAPITAL**

İŞ PRIVATE EQUITY IN BRIEF

AS “TURKEY’S CAPITAL”, İŞ PRIVATE EQUITY IS ONE OF THE LEADING AND EXEMPLARY COMPANIES OF ITS SECTOR.

The establishment process of İş Private Equity

The İşbank Group started preparatory work to establish a private equity fund in 1999. In June 2000, the Group applied to the Capital Markets Board (CMB) to establish İş Risk Sermayesi Yatırım Ortaklığı A.Ş. In accordance with the CMB’s decision taken on 5 October 2000, permission to carry out private equity activity was granted. On 31 October 2000, the Company was registered in the trade registry with a paid-in capital of TL 20 million.

The Company received the support of the World Bank during its foundation process and completed its staff work in 2001. The name of the Company, which is focused on investment projects, was changed to İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. in 2004. In October 2004, 37.69% of the Company’s shares were offered to the public on the Borsa İstanbul stock exchange (BIST) with a market value of USD 57.8 million.

İş Private Equity is focused on contributing to the companies it invests in at all levels in their sustainable growth and corporate transformation process.

İş Private Equity takes care of the difficulties that SMEs, key players in the Turkish economy, face in accessing financial resources, and supports their sustainable growths by meeting the capital needs of SMEs with growth potential.

“Turkey’s capital”, İş Private Equity, invests in companies with its tangible and intangible assets, which it defines as “intelligent capital”. In this process, the Company provides every kind of strategical and directing contribution to companies from their institutionalization to their sustainable growth stage.

IN 2020 İŞ PRIVATE EQUITY CELEBRATED ITS 20TH YEAR IN BUSINESS

20TH YEAR

With its vast knowledge and experience of business, İş Private Equity supports the development of companies under a medium and long-term approach. In this process, it provides companies with all kinds of support at all points, strengthening their financial structure, creating a strategic roadmap, developing human resources and IT infrastructure.

İş Private Equity has invested in 17 companies over 20 years.

İş Private Equity invested in 17 companies in the 20 years from 2000 to 2020, and invested USD 157.3 million in these companies. The Company successfully completed a total of 11 full and 2 partial exit transactions and achieved a return of USD 166.9 million. The average internal rate of return of those exits, in USD terms, was 26%.

İş Private Equity achieved a higher average rate of return from exits between 2000 and 2020 compared to average return rates in the world and in Turkey. In addition, the Company is one of the most exiting funds in the private equity sector.

The most important asset of İş Private Equity is its competent human resource that stands out with its experience and expertise.

In the increasingly competitive market conditions, İş Private Equity's most important asset is its human resources. From the realization of the investment to the exit process, the Company sets itself apart with its professional human resources, which distinguish themselves and positively affects the process with their knowledge, experience and expertise.

İş Private Equity continues to partner with the success stories of visionary actors with the contributions of its team consisting of 10 people, as well as the strength and support of the İşbank Group.

Between 2000 and 2020, İş Private Equity consistently and successfully outperformed both Turkish and world average rates of return on its exits.

İŞ PRIVATE EQUITY INVESTED A TOTAL OF USD 157.3 MILLION IN 17 COMPANIES.

17

An aerial photograph showing a two-lane asphalt road that curves gracefully through a dense, lush green forest. The road is bordered by a rocky shoulder and runs parallel to a calm, turquoise-colored lake. The water's surface is smooth, reflecting the sky. The forest consists of tall, thin evergreen trees, with some deciduous trees showing early autumn colors near the road. The overall scene is serene and picturesque, suggesting a remote or natural setting.

PROGRESS INFORMED BY EFFECTIVE STRATEGIES

OUR MISSION

WE AIM TO PROVIDE CAPITAL CONTRIBUTION AND MANAGEMENT KNOWLEDGE TO COMPANIES WITH COMPETITIVE ADVANTAGE, IN SUSTAINABLE SECTORS WITH HIGH GROWTH POTENTIAL, SO THAT THEY CAN CARRY OUT THE PROJECTS, WHICH WILL CONTRIBUTE TO THE TURKISH ECONOMY.

WITHIN THE FRAMEWORK OF THIS MISSION, WE TRY TO PROVIDE OUR RESOURCES TO THE NEEDS OF ENTREPRENEURS IN THE BEST WAY POSSIBLE, AND MAKE SURE THAT WE PROVIDE BETTER RETURNS TO OUR SHAREHOLDERS AS COMPARED TO OTHER INVESTMENT ALTERNATIVES THROUGH OUR EXEMPLARY CORPORATE STRUCTURE.

OUR VISION

WE AIM TO BECOME TURKEY'S LEADING DOMESTIC PRIVATE EQUITY FUND WITH A HIGH DEGREE OF CORPORATE GOVERNANCE AND SUSTAINABLE BUSINESS MODEL.

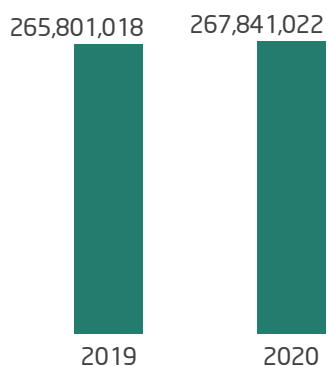


CORRECTLY-MANAGED RISK

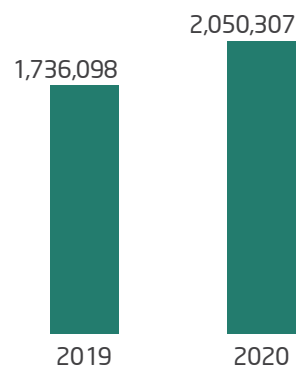
FINANCIAL HIGHLIGHTS

TL	2019	2020	Change (%)
Current Assets	72,522,198	69,221,102	-4.55
Non-Current Assets	193,278,820	198,619,920	2.76
Short-Term Liabilities	2,314,705	2,590,353	11.91
Long-Term Liabilities	1,712,748	1,436,789	-16.11
Total Assets	265,801,018	267,841,022	0.77
Equity	261,773,565	263,813,880	0.78
Current Year Profit	1,736,098	2,050,307	18.10
Return on Equity (%)	0.66	0.78	
Return on Assets (%)	0.65	0.77	

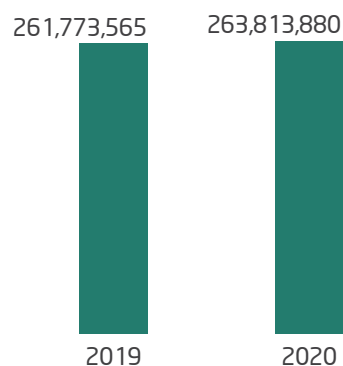
TOTAL ASSETS



CURRENT YEAR PROFIT



EQUITY



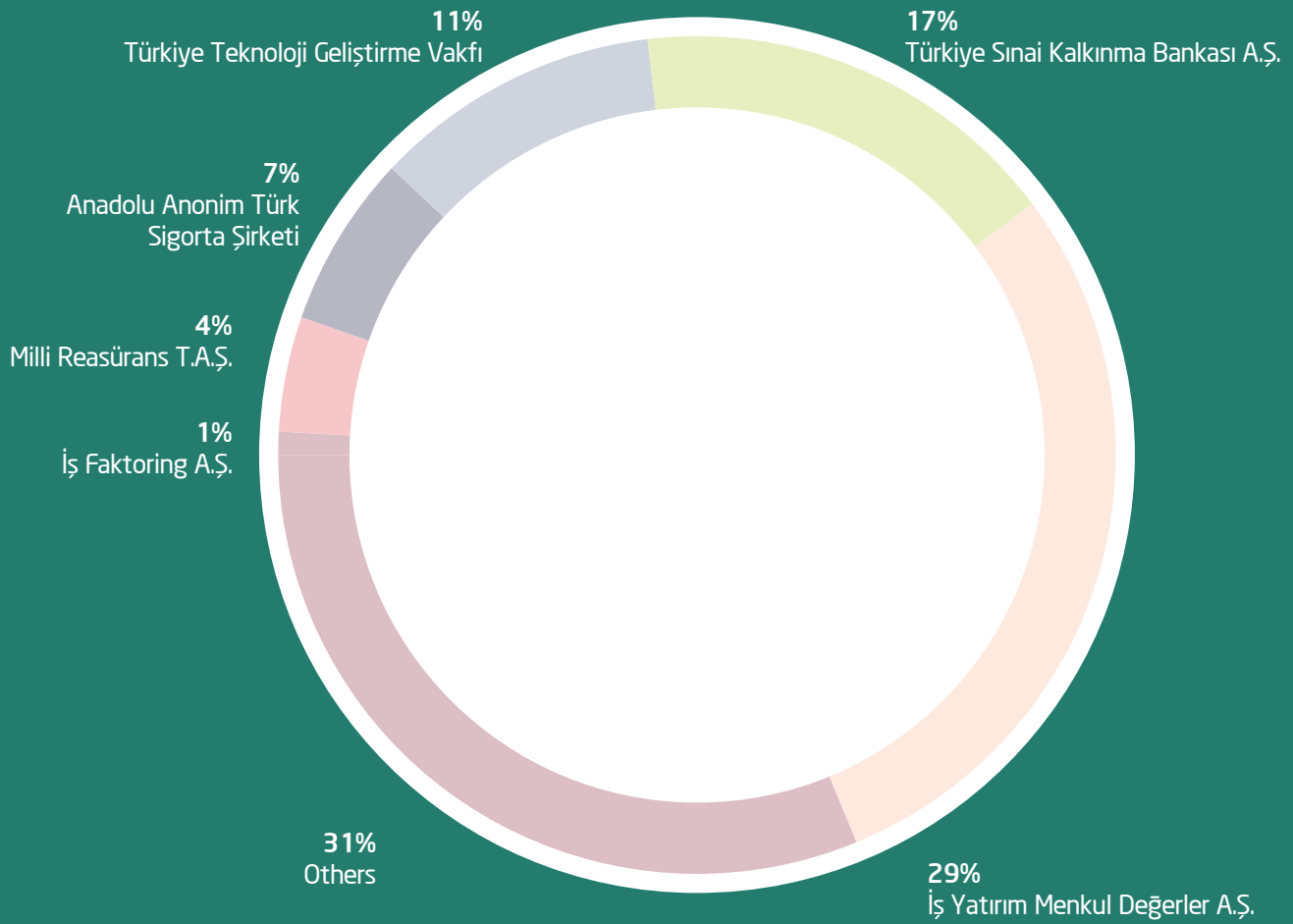
CAPITAL & SHAREHOLDING STRUCTURE

The year-end shareholding structure of İş Private Equity is shown below.

Shareholder	Group	Share Amount (TL)
2020		
İş Yatırım Menkul Değerler A.Ş.	A	6,635,776
İş Yatırım Menkul Değerler A.Ş.	B	15,019,652
Türkiye Teknoloji Geliştirme Vakfı	B	8,294,719
Türkiye Sınai Kalkınma Bankası A.Ş.	B	12,442,079
Anadolu Anonim Türk Sigorta Şirketi	B	4,976,832
Milli Reasürans T.A.Ş.	B	3,317,888
İş Faktoring A.Ş.	B	548,578
Others	B	23,416,956
Total		74,652,480

There is no privilege in voting rights in the company. On the other hand, Group A shares have the privilege of nominating candidates in the Company's articles of association, which was prepared within the framework of the capital market legislation and approved by the CMB.

SHAREHOLDING STRUCTURE OF İŞ PRIVATE EQUITY AS OF 2020 YEAR-END (%)



İŞ PRIVATE EQUITY'S INVESTMENTS IN NUMBERS

OVERVIEW OF THE FUND

Total Assets
(USD million)

36.4

**Total Investments
to Date**
(USD million)

157.3

INVESTMENT SUMMARY

Investments

17

Exits

11(+2)

**Exclusive
Transactions**

9

COMPANIES CURRENTLY IN THE PORTFOLIO

Total Turnover
(USD million)

88.7

Total Debt
(USD million)

48.9

Total Employment
(People)

610

EXIT SUMMARY

Investment Amount for
the Exited Companies
(USD million)

72.5

Internal Rate of Return on a
USD Basis
(IRR)

26.46%

Proceeds from Exits
(USD million)

166.9

Money Multiple

2.30x

HIGHLIGHTS FROM İŞ PRIVATE EQUITY'S CORPORATE HISTORY

Probil ITD

2002

First two investments:

ITD and Probil (both systems integrators)

Cinemars Beyaz Filo

2006

First exit:

Cinemars shares sold to Mars Entertainment Group A.Ş.

Seventh investment:

Beyaz Filo (operational fleet rentals)

Beyaz Filo Step Frik İlaç

2008

Third exit:

Beyaz Filo shares sold to existing shareholders

Fourth exit:

Step shares sold to Swicorp, a private equity fund

Eleventh investment:

Frik İlaç (pharmaceutical industry)

Cinemars Nevotek

2003

Third & fourth investments:

Cinemars (cinema chain) and Nevotek (IP convergence solutions)

Tüyap Ode Ortopro Türkmed

2007

Second exit:

Tüyap shares sold to existing shareholders

Eighth investment:

ODE Yalıtım (building insulation materials)

Ninth investment:

Ortopro (orthopedic surgery)

Tenth investment:

Türkmed (healthcare services)

Step

2004

Fifth investment:

Step (home accessories and carpet retailing industry)

37.69% of shares floated on the İstanbul Stock Exchange, generating a market capitalization of USD 57.8 million

Havaş

2009

Indirect exit:

Probil's Bizitek (a Probil-owned stake) sold to Ericsson

Twelfth investment:

Havaş (aviation ground handling services)

Tüyap

2005

Sixth investment:

Tüyap (trade fairs & exhibitions)

ITD

2010

Fifth exit:

ITD shares sold to the Poland-based Asseco South Eastern Europe, a subsidiary of Asseco Poland SA, Europe's fifth largest software house

Frik İlaç Probil Aras Kargo

Sixth exit:

Frik İlaç sold to Italy-based Recordati

Seventh exit:

Remaining Probil shares sold to Netaş

Thirteenth investment:

Aras Kargo (cargo services)

With 13 investments and 7 exits, İş Private Equity becomes the leading private equity firm in Turkey

İş Private Equity becomes the only private equity firm in Turkey to have completed more than four investment exits

2011

Aras Kargo Türkmed

Tenth exit:

Aras Kargo shares sold to Austria Post

Eleventh exit:

Türkmed shares sold to existing shareholders

2013

Radore

Sixteenth investment:

Joint venture together with Doğuş SK Girişim Sermayesi Yatırım Ortaklığı A.Ş. in Radore (data center services)

2014

Toksöz Spor Numnum Ode Yalıtım Havaş

Fourteenth investment:

Toksöz Spor (sports equipment and supplies)

Fifteenth investment:

Numnum, İstanbul Food & Beverage Group (IFBG/food & beverages)

Eighth exit:

ODE Yalıtım shares sold to ODE İzolasyon Sanayi Satış ve Pazarlama A.Ş.

Ninth exit:

Havaş shares sold to TAV Havalimanları Holding A.Ş.

2012

Tatil Budur

Seventeenth investment:

Tatil Budur: Investment with the Poland-based MCI Private Ventures in Tatil Budur which is a growing player in the tourism sector

2015

2016-2019

Investments under the portfolio continued, and we worked closely with the companies in the portfolio and continued to generate added value.

2020

First partial exit: Sale of the İYİ Group member Numnum to BigChefs

Second partial exit: Sale of the İYİ Group member Numnum to Menderes Utku

- Exits
- Investments

CHAIRMAN'S MESSAGE

ECONOMIC ACTIVITY IS EXPECTED TO RECOVER IN 2021.

2020: A year unlike any other

In the wake of the slowdown that the global economy experienced in 2019, the world embarked upon 2020 with strong hopes and with somewhat stronger expectations that growth would gain momentum in the year ahead. In what were still the early days of January however, international news agencies were reporting the name of a threat with potential consequences for the whole world: Covid-19. An outbreak of a novel coronavirus in China turned into an epidemic that quickly spread around the world. On March 11 the World Health Organization declared that humanity was confronted by a global pandemic.

At the time this report was being written, the impact of this global health crisis on every country, including our own, had already led to a sharp contraction in the world economy. Isolation and quarantine measures affected people's everyday lives and consequently the conduct of production, trade, and services, which lead to serious disruptions, stoppages, and revenue losses. The pandemic also fueled a massive surge in unemployment all over the world.

Confronted by 2020's extraordinary conditions, many countries' monetary authorities had recourse to interest rate cuts and other expansionist monetary policies such as asset-purchases, liquidity support, and low-cost credit as governments attempted to shore up adversely-impacted sectors and help tide households over.

In its October 2020 issue of World Economic Outlook, the IMF projected a 4.4% contraction in the global economy. The OECD for its part posited a global contraction on the order of 4.2%.

Immediately upon emerging from a period of successful rebalancing in 2019, the Turkish economy performed strongly in the first quarter of 2020, registering a 4.4% rate of growth. That was all reversed in the second quarter however when comprehensive lockdown measures taken to contain Covid-19 led to an annualized 9.9% contraction. When restrictions were relaxed in the summer after it appeared that the spread of the virus had slowed down and supported also by government measures, a trend towards a recovery in economic activity grew stronger. During these months, public authorities supplied more than half a trillion liras as various forms of economic aid through a variety of channels. In addition to such supportive measures, interest rate cuts that had been put into effect by the Turkish Central Bank (CBRT) between July 2019 and May 2020 accelerated credit growth and nourished domestic demand. The upshot is that the Turkish economy registered an annualized 6.7% rate of growth in the third quarter of 2020.

The combined effect of increased domestic demand, financial market volatility, and relatively faster exchange-rate pass-through was to push up inflation, leading to a twelve-month 14.6% rise in consumer prices. In June 2020, CBRT ceased cutting interest rates and began tightening its monetary policy. One consequence of the central bank's increasing its policy rate in this way was to support the appreciation of the Turkish lira against other currencies.

The government's New Economic Program assumes a 2020 0.3% rate of year-on growth.

A second wave of new Covid-19 infections in the last quarter of 2020 along with reports of the virus undergoing mutations exacerbated economic uncertainties while geopolitical developments and the state of financial markets are such as to remain the most important factors capable of hobbling global growth. While a moderate recovery in economic activity is likely in 2021, expectations are that this will largely be the result of domestic consumption and that investment outlays will remain weak and that export growth will be limited.

İş Private Equity's 20th year

Distinguished by its long-term view, its focus on sustainable and productive investments, and its reputation as a trusted strategic partner, İş Private Equity completed its 20th year in business in 2020.

Thanks to its knack for agile strategic maneuverability and to its strong foresight, İş Private Equity has successfully managed the mega market trends and the frequent changes in the direction and speed of the mainstream currents of the global economy to which it has been exposed in the course of its first two decades.

As a member of the İşbank Group, İş Private Equity has, since the very outset, defined its fundamental priority as one of helping the small and medium-sized enterprises (SME) that are the key actors of the Turkish economy overcome the difficulties they face in gaining access to sources of financing. By managing its equity stake portfolio with a focus on effectiveness and benefit, the company achieves high rates of return on its exits while supporting SME in their corporate

development processes by serving as more than just a source of financing.

When İş Private Equity invests in companies it provides them with what it calls “intelligent capital”, by which it means both tangible and intangible assets. In this process, İş Private Equity provides end-to-end strategic and management guidance in everything from institutionalization to achieving sustainable growth.

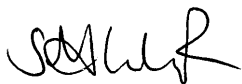
The fact that we successfully contribute to the sustainable growth of the companies in which we invest is a success in which the entire İş Private Equity team takes pride and which goes beyond the purely numerical metrics of our performance. In the two decades between its inception and December 2020, İş Private Equity invested in a total of 17 companies and successfully completed 11 full and 2 partial exits. İş Private Equity consistently and successfully outperforms both Turkish and world average rates of return on its exits.

We are ready for a “new normal” that will be dominated by speed, digitalization, and increasingly more competition.

The Covid-19 pandemic forced the international business community to quickly pull off, in very little time, a host of changes that would normally have required many years. With speed becoming a primary motivational focus, digitalization became one of the main channels for creating value. In this process, the models informing the ways in which we assess and do business have been revolutionized.

Guided by its management team, İş Private Equity will continue to distinguish itself by virtue of its human resources, knowledge and experience, and expertise while also increasing the total value that it creates.

In closing and speaking on behalf of the İş Private Equity Board of Directors, I take this opportunity to thank all of the stakeholders who contribute to our company’s success.



SENAR AKKUŞ
Chairman of the Board of Directors



GROWTH

WE SUPPORT SME
THAT HAVE GROWTH
POTENTIAL.

CEO'S MESSAGE

WE CONTINUED TO PROVIDE OUR EQUITY STAKES WITH STRONG SUPPORT ALL YEAR LONG IN 2020.

In a difficult year...

2020 was a most difficult year for economic actors in Turkey and everywhere else in the world. By seizing hold of every aspect of our everyday and economic lives beginning in March, the Covid-19 pandemic ushered in an extraordinary period in which the durability, nimbleness, strategic validity, and governance capabilities of our corporate competencies were severely put to the test.

In the midst of such volatility, İS Private Equity focused on two main issues. The first was protecting its employees and all other stakeholders as much as possible from the risks posed by a pandemic and taking all such measures that were needed to do so as quickly as possible. The second was safeguarding its own economic viability by simultaneously and properly managing both its portfolio and its liquidity.

I want to emphasize here that in the conduct of this process as İS Private Equity, we deployed our competencies and resources in order to provide our equity stakes with every means of support while giving more importance than ever to their own economic and commercial sustainability.

... we achieved a sustainable performance.

Correctly managing pandemic-related economic risks while also abiding by our commitment to create and share value with all of our stakeholders and guided by sound insightfulness, we registered a sustainable performance in 2020.

İS Private Equity substantially achieved all the 2020 objectives which it had set in line with the strategic decisions and steps that it took in December 2019. In the gastronomy sector, we made two successful partial exits while contributing capital to another. A shareholder structure change which we had planned in a fourth company was also completed during 2020.

The effect of all these strategic preparations and of the optimism that

buoyed up markets was that every company in our portfolio achieved a gratifying 2020 Q1 performance indeed. With the imposition of coronavirus-related restrictions from the middle of March onwards in our country however, all our portfolio companies began to suffer from the ensuing general economic malaise and had problems in the conduct of their operations.

Some of these companies were adversely impacted by the restrictions owing to the nature of their business, whereas others managed to maintain moderate levels of growth because of the kinds of services they provide. For example while our volumes in the tourism and healthcare business lines fell because the companies' customers' needs and choices changed and/or were postponed, one of our investments in the IT business line managed to generate even more added value because it benefitted from the sudden and widespread upsurge in digitalization.

İS Private Equity continued to provide the companies in its portfolio with shareholder support without interruption all year long in 2020, standing by the firms with every form of assistance they might require. This ranged extensively from strengthening cash positions and liquidity in light of needs on the one hand to helping companies benefit from the various kinds of support provided to business concerns by the government and rationalizing their costs on the other.

It is a fact that the world experienced severe trauma in 2020 and that this led to all-embracing changes in the ways that we do business. Some business lines that performed more strongly under pandemic conditions can be expected to revert to normal operational levels once market conditions also revert to normal; some business lines can be expected to recover more quickly than others owing to pandemic-related pent-up demand. However it is to be observed that companies which have embraced the principles and tenets of sustainability and corporate governance are the ones which are distinguishing themselves

competitively and which are establishing strong positions in their respective sectors.

Another important issue that needs to be emphasized as we look forward to the future is that a significant gap has opened up between global money markets on the one hand and real-sector actors on the other. This poses risks to the integrity of the global economy and is a problem that needs to be given close attention and managed carefully. It is also an element of risk that will likely be one of the determining factors of developments that take place in the period ahead.

We just completed our 20th year in business.

Having completed our 20th year in a business line that demands one take a long-term strategic view the way that private equity investment does, we see that we have also strengthened every aspect of our competencies and made the nature of our reflexes and durability even more sustainable.

In the course of these two decades we have undertaken 17 investments, each one of which has uniquely distinguished itself in its sector, while we ourselves have helped create added value in a wide range of endeavors from healthcare to tourism and from retailing to technology and aviation. The companies we admit to our portfolio have become benchmarks in their respective sectors not only from the standpoint of financial performance but also in such areas as corporate governance, technology-adoption, risk management, and talent management. At the same time each of the 11 full and 2 partial exits we have made has become a success story from the standpoint not only of the high, real returns that were generated but also of the accuracy of our timing. As a team, this is a picture in which we may all take pride, for it is evidence that, in keeping with the mission with which İS Private Equity was founded, we are more than achieving its goal of creating and managing a sectorally-diversified portfolio of investments that are sustainable in the medium and long terms.

Our performance over the last twenty years has been no accident. Quite the contrary: it is the outcome of İş Private Equity's well-informed and systematic business decision-making and execution methods and processes and of its working together a team.

Anticipating change, internalizing it, and created stakeholder value

We are in the midst of an extraordinary period in which the pace of change has been accelerated. All the rules and models of everyday and business life to which we have become accustomed are undergoing a tremendous change.

The leading actors in this change are digitalization and technological innovation. Another emergent issue is sustainability. In the period ahead, not just economic potential but also environmental, social, and corporate governance (ESG) factors along with digital-platform resources will play an increasingly greater role in shaping investment decisions. As İş Private Equity, we have always made our ESG performance a priority when making investment decisions but we anticipate that ESG issues are going to gain even greater importance when addressing the question "Is the investment worth it?"

As a member of the İşbank Group, İş Private Equity has all the resources, competencies, and motivation that it needs and more to create value and to incorporate new trends into its business model in the short, medium, and long terms.

"Thank You, Pandemic Heroes"

Before bringing this message to a close I want to offer my thanks to the Ministry of Health and its organization and to all of our healthcare workers for the extraordinary efforts which they have been making since the onset of the pandemic. The concerted efforts of the state and of the healthcare sector played a great role in Turkey's ability to make it through the earliest and most challenging stages of a global health crisis with minimum losses.

As a team, our wish is to come together once again with our stakeholders in good health and to create and share even more value.

And with that thought in mind, I thank our valued team for the performance they achieved and our shareholders and other stakeholders for their unconditional support.



A. MURAT ÖZGEN
Chief Executive Officer



SUSTAINABILITY

SUSTAINABILITY WILL
PLAY AN INCREASINGLY
GREATER ROLE IN
INVESTMENT DECISIONS
IN ADDITION TO THEIR
PURELY ECONOMIC
POTENTIAL.

An aerial photograph of a two-lane asphalt road that curves through a dense forest. The trees are in peak autumn foliage, displaying a rich palette of yellows, oranges, and reds. The road is dark and appears slightly wet, with white lane markings. The text "STRENGTHENED VALUE-CREATION CYCLES" is superimposed over the road in a white, sans-serif font, following the curve of the road.

STRENGTHENED VALUE-CREATION CYCLES



TO LIGHTEN THE ECONOMIC IMPACT OF THE CORONAVIRUS EPIDEMIC, MANY COUNTRIES UNVEILED BROAD-BASED SUPPORT PACKAGES.

THE WORLD ECONOMY

Having already slowed down in 2019, the world economy embarked upon a critical period in 2020 as the Covid-19 pandemic turned into a global economic crisis. In the second quarter of the year, lockdown measures introduced throughout the world to prevent the spread of infection brought global economic activity virtually to a halt and in this process, the world's leading economies registered historically record-breaking contractions. Although Q3 renormalization efforts prompted a stronger-than-expected recovery in economic activity, a Q4 resurgence in new infections increased the downward pressure on the macroeconomic outlook.

To lighten the economic impact of the coronavirus epidemic, many countries unveiled broad-based support packages while their monetary authorities had recourse to expansionist monetary policies. Among the world's developed countries, the same authorities also sought to keep markets generously supplied with liquidity by means of interest rate cuts and quantitative easing.

In the United States, where the Federal Reserve Bank's policy rate was in the 1.50-1.75% range at end-2019, the rate was cut initially to the 0.50-0.75% range and subsequently to the 0.00-0.25% range. Recourse was also had to buying government and private-sector bonds in a bid to meet short-term liquidity needs. The European Central Bank for its part kept its deposit facility (discount window) rate at -0.50% but increased its asset purchases and targeted long-term

refinancing operations. Similarly both the Bank of England and the Bank of Japan increased their asset purchases as well. The upshot is that between January and November 2020, the combined increase in these four banks' balance sheets was on the order of USD 7.9 trillion.

In real terms, the total volume of world trade during the first three quarters of 2020 was 7.2% less than what it was during the same period of 2019 and although leading indicators show signs of a Q3 recovery of sorts they also signal the recovery's Q4 fragility. The US purchasing managers' index, which was 50.1 at end-2019, bottomed out at a historically low 39.8 in April 2020 before recovering and reaching 53.7% in November.

Although uncertainties fueled by protectionist trade policies persisted in 2020, the finalization of the UK's protracted Brexit process at year-end and the ensuing signature of a UK-US trade agreement was viewed as a positive development. The impact of geopolitical risks on global economic activity remained evident while developments in the run-up to and in the aftermath of a fiercely contentious presidential election in November resonated across the world's political scene.

In their assessments of the global economic outlook for the year, the International Monetary Fund and similar international agencies noted that, beginning in March 2020, the world's economy suffered its sharpest contraction since the second world war. Even though a third-quarter recovery that got under

THE EU AND THE UK SIGNED AN AGREEMENT GOVERNING THEIR POST-BREXIT RELATIONS.

Brexit

way after the sharp second-quarter contraction prompted economists to revise their projections upwards, the IMF estimates that the world economy shrank by 4.4% in 2020 but that it could grow by as much as 5.2% in 2021.

Rising from an exceptionally low base, the global economy is expected to recover quickly in 2021; however what will really have an impact on how the recovery goes forward are the comprehensiveness and success of national-level vaccination programs. That said, the emergence of new coronavirus mutations and the contingent risk of still more “waves” of infections fuel uncertainties that depress medium-term forecasts.

THE TURKISH ECONOMY

Having made a strong start as it embarked upon 2020, the Turkish economy quickly lost momentum in its confrontation with the Covid-19 global pandemic. According to seasonally and calendar-adjusted figures, Turkey’s GDP, which grew by an annualized 4.5% rate in the first quarter, contracted sharply (down 9.9%) in the second. State-provided monetary and fiscal relief nourished a rapid third-quarter recovery with the result that 12-month growth for all of 2020 is put at around 6.7%.

While it appears that this economic recovery was driven by private-sector consumption and investment, overall growth was constrained by net external demand. Looking at the production side, we see that there were increases throughout the year. GDP growth during the first three quarters of 2020 was 0.5% higher than it was during the same period of the previous year. Risks associated with an unwonted spike in new infections and a reintroduction of some restrictions on movement in the last quarter however continue to cloud the outlook.

A rapid resurgence in domestic demand as renormalization moved forward combined with persistently strong demand for gold worsened Turkey’s foreign trade deficit. According to provisional trade ministry figures, Turkey’s exports brought in USD 169.5 billion while the bill for its imports amounted to USD 219.4 billion, on which basis the country’s foreign trade deficit for the year as a whole weighs in at USD 49.9 billion.

Owing especially to lost tourism revenues, Turkey’s current account balance, which was in surplus in 2019, showed a USD 35.2 billion deficit during the January-November period of 2020.

Although there was something of a late-year recovery in the country’s exports, the year’s current balance is likely to yield a deficit corresponding to about 5% of GDP owing to persistently strong imports.

ACCORDING TO THE IMF, THE WORLD ECONOMY SHRANK BY 4.4% IN 2020.

IMF

EXPORTS (USD BILLION)



CPI (%)



Besides increasing the need for external financing, this impairment in the current balance exerts pressure on FX reserves and rates owing to pandemic-related weaknesses in capital flows. With companies looking to reduce their foreign debt exposure, Turkey's reserves diminished by USD 38.6 billion between January and November 2020.

Owing to weak demand, inflation remained moderate during the first half-year but it took off rapidly in the second half-year owing to exchange-rate volatilities, to renormalization-fueled capacity shortages, and to surging food prices. Twelve-month CPI inflation ended up at around 14.60% in 2020 with the biggest contributors being food (469 basis points) and transportation (330 basis points). Twelve-month domestic PPI inflation was up to 25.15% as of the same date.

Owing to the national economy's vulnerabilities, Turkey's central bank adopted a supportive stance in the first half of 2020 but gradually phased out its pandemic-related policy measures in the second half and even began to tighten up the money supply by increasing the weighted-average cost of funding. CBRT raised its policy rate from 8.25% to 10.25% for the first time in September and then again on two more occasions in November (15.00%) and December (17.00%). Seeking to simplify monetary policy, CBRT also put an end to its system of reserve requirements based on real credit growth and sectoral differentiation. CBRT is expected to maintain its tight-money stance for quite some time in 2021.

**CPI INFLATION IN TURKEY
ENDED UP AT 14.60% IN
2020.**

CPI

KEY INDICATORS OF TURKEY'S ECONOMY

	2018	2019	2020
GDP growth, %	2.6	0.9	-1(E)
CPI Inflation (e.o.p.), %	20.30	11.8	14.6
CPI Inflation (average), %	16.33	15.2	12.28
CAD (USD billion)	27.6	0	26.5 (E)
CAD, % of GDP	3.5	0	3.2 (E)
TL/USD (e.o.p)	5.26	5.94	7.34
TL/USD (average)	4.81	5.67	7.01
TL/Euro (e.o.p)	6.03	6.35	9.00
TL/Euro (average)	5.66	6.65	8.03
Basket (e.o.p)	5.65	6.15	8.26
Basket (average)	5.24	6.16	8.22
Euro/USD (e.o.p)	1.15	1.13	1.22
Euro/USD (average)	1.18	1.11	1.19
Money market rates, %	23.9	12.0	15.5
Benchmark 10-year TL bond rate	15.63	12.3	13.42

(E) According to the data provided by İş Yatırım Menkul Değerler A.Ş.

An aerial photograph of a winding, two-lane asphalt road that curves through a dense forest. The ground is covered in a thick layer of snow, and the trees are mostly bare, with some evergreens visible. The road has a yellow center line and white edge lines. The text "CHALLENGES TRANSFORMED INTO OPPORTUNITIES" is written in white, bold, sans-serif capital letters, following the curve of the road.

CHALLENGES TRANSFORMED INTO OPPORTUNITIES



CHANGES IN THE LEGAL FRAMEWORK ON 9 OCTOBER 2020 INTRODUCED A NUMBER OF ADDITIONAL ADVANTAGES AND CONVENIENCES FOR VENTURE CAPITAL FUNDS.

Venture capital laws and regulations in Turkey

While the earliest efforts to create a venture capital industry in Turkey originated in the public sector in the 1980s, it was not until a number of international venture capital companies began investing in Turkey that the country really became acquainted with the concepts of “venture capital” and “private equity”.

The first regulatory framework governing venture capital was created by the Capital Markets Board (CMB), whose communique (VIII:21) published on 6 July 1993 allowed venture capital investment companies to be set up subject to the rules governing mutual funds. The communique also exempted the earnings of these companies from both income tax and corporation tax withholding.

Communique VIII:21 was followed by another (“Communique III:48.3 on principles pertaining to venture capital investment companies”), in which SPK set out rules governing how venture capital investment companies are to be set up and by whom, the registration of their shares with CMB, their public offerings of shares, their management structures and the qualifications required of their managers, their object and scope, restrictions on their portfolio holdings, and their public-disclosure and periodic reporting requirements.

One of the innovations introduced by the Capital Markets Law (Statute

6362), which went into effect with its publication in issue 28513 of Resmi Gazete dated 30 December 2012, was the creation of a legal basis specific to the establishment of venture capital investment funds in Turkey.

Based on the authorization provided under Statute 6362, CMB published another communique (“Principles pertaining to venture capital investment funds”) in issue 28870 of Resmi Gazete dated 2 January 2014 in which it set out detailed rules governing the establishment of such funds, the conduct of their operations, and the sale of their shares to accredited investors. This communique was recently (9 October 2020) updated to take in to account the views and opinions of venture capital firms in Turkey. As a result of this update, these funds have been provided with a number of additional advantages and conveniences in the conduct of their operations.

Global mergers & acquisitions

The outbreak and subsequent spread of a novel coronavirus began having a noticeable impact on commercial and financial activity as early as the beginning of 2020. While the economic slowdown that this gave rise to created financial problems for some companies, for others it created opportunities. Firms unable to find suitable debt instruments to meet their needs for new capital sought to address those needs by issuing shares and when it happened that these shares

THE NOVEL CORONAVIRUS
EPIDEMIC DEPRESSED
COMMERCIAL AND FINANCIAL
ACTIVITY.

Covid-19

SECTORAL REVIEW

were unable to find any buyers, their issuers ended up strapped for cash.

As could be expected, sectoral activity in the first half-year waned in parallel with the social and economic disruptions that Covid-19 caused. Globally the 2020 January-to-June value of the mergers & acquisitions that were completed was on the order of USD 971.0 billion, a figure that was 6.6% lower than that of the same period of 2019, while the total number of deals was down by 15.5% from 20,767 to 17,545.

In the second half of the year, both strategic and financial investors sought to turn the ongoing crisis into an opportunity with the result that an unprecedented number of deals were undertaken in the course of just a couple of months. Indeed the USD 2.2 trillion total value of all M&A that took place in the second half-year is the highest six-month figure achieved since Mergermarket began keeping records. The USD 1.2 trillion booked in the last quarter of 2020 is the highest single-quarter figure since 2007 Q2.

Looking at a regional breakdown of these deals, we see that the 2020 champion—the region that boosted its global market share the most both on an average contract-value basis (+7.4%) and a contract-count basis (+2.2%)—was Asia. Despite a slight decrease in M&A numbers in Europe, that region's share of global contract value increased from 23.7% to 26.8%. In North America, there was a significant decline in the region's share of global M&A contract value but its share of contract numbers remained the same at 33.3%.

In 2019 there were 91 M&A projects whose individual contract value was worth USD 5 billion or more; in 2020 this number increased to 111, 79 of which took place in the second half-year. By contrast, there were double-digit percentage declines in the number of smaller-sized deals.

On a sectoral basis, Technology, Media & Telecommunications' share of global M&A contract value rose by 56.8% year-on from USD 543.4 billion to USD 851.8 billion—the latter figure of which corresponds to more than a quarter of all 2020 M&A by value—while the number of deals was down slightly to 3,943. The second best-performing sector was Energy, Mining & Public Services, in which total contract value increased by 3.8% to USD 477.7 billion. In this sector, the year-on decline in the total number of deals (1,326) was a much heftier 13.8%.

M&As in Turkey

In Turkey, 2020 developments in M&A activity resembled those in markets elsewhere. In the first half-year, when the initial impact of the novel coronavirus outbreak was at its height, the domestic was sluggish as many planned deals were put off or even cancelled owing to lockdowns, travel bans, and general uncertainty. From this very low pandemic-depressed base however, indications are that M&A activity in Turkey resumed beginning in June and has been making a remarkable recovery ever since.

Although total M&A contract value was significantly below that of previous years, the total number of deals in 2020 was a record-breaking 304, the first time that this number exceeded three hundred in a single year. Of these 304 deals, 133 are reported as having a combined value on the order of USD 6.3 billion. On the basis of its own estimates of the values of the 171 undisclosed deals, Deloitte puts the total value of all M&A that took place in Turkey in 2020 at something like USD 9.0 billion. If accurate, that figure corresponds to about a 70% increase over the approximately \$5.3 billion total value of all 233 of the M&A that took place in 2019.

2020 M&A projects in Turkey once again took the form of relatively small-to-medium-sized deals involving investments in technology firms and startups more often than not. Two very big deals however

THERE WERE 111 M&A WITH CONTRACT VALUES OF OVER USD 5 BILLION.

111

generated 40% of the M&A market's total business volume last year. One, a deal that also engendered Turkey's first "unicorn", involved the acquisition of Istanbul-based mobile gaming company Peak Games by US-based social game developer Zynga at a record-breaking USD 1.8 billion. The other big-ticket deal, also at USD 1.8 billion, consisted of the Turkish Sovereign Wealth Fund's acquisition of a majority stake in Turkcell, a GSM operator.

As a market that later-stage venture capital funds are relatively slow to move into, the financial investors market in 2020 was shaped by a strong increase in the presence of early-stage venture capital funds and of angel investors. Early-stage venture capital funds and angel investors invested a total of USD 200 million in 134 ventures in Turkey last year. While

that may seem paltry compared with the USD 1.8 billion that Zynga paid for Peak Games, it is nevertheless a sign that the mergers & acquisitions ecosystem in Turkey is healthy.

Although global uncertainties are likely to continue in 2021 due to Covid-19, the Turkish lira's wobbliness makes Turkish company valuations more attractive for international investors on the lookout for potential bargains. In the period ahead, mergers & acquisitions in Turkey are expected to become even more attractive to international investors and are likely to pick up even more strongly in sectors and firms that are better at fitting themselves into in the post-pandemic landscape.

MORE THAN 300 M&A DEALS WERE CONCLUDED IN 2020.

300

Transaction values of M&A deals in Turkey (2020)

Range	% Share of Total Number	% Share to Total Value
Over USD 500 million	1	40
USD 250-500 million	1	15
USD 100-250 million	4	20
USD 50-100 million	3	6
Below USD 50 million	91	19
Total	100	100

Source: M&A Transactions in 2020 report

OUR BUSINESS MODEL



Strong Cooperation with the Entrepreneurs **A Strong Future for the Companies**

OUR INVESTMENT PHILOSOPHY

Our investment philosophy is based on our following goals, to help companies to meet their long term targets, to support them in reaching their potential and therefore, to create value for their shareholders.

İş Private Equity, together with the Company management, determines strategies that will create value for the Company. İş Private Equity's aim is to enable the Turkish companies it enters partnership with to compete not only in Turkey but also in international markets. The primary value creation strategies that İş Private Equity pursues for its portfolio companies are to help them grow organically or by acquiring new companies to create competitive advantage, to

help increase their operational efficiency, to help them enter new markets and to assist in forming the best available capital structures.

İş Private Equity is one of the private equity funds active in Turkey and has a proven historical performance. İş Private Equity has a wealth of experience in meeting the needs of companies during different phases of their institutionalization and growth processes without intervening in the daily operations of the companies.

OUR INVESTMENT STRATEGY

İş Private Equity's competence in developing solutions which meet the requirements of each project's specific structure is a product of its investment strategy, which is both focused and flexible.

İş Private Equity enters partnerships, through a minority or majority shareholding, with companies with a successful historical performance under their belt, which have a growth oriented vision and which are medium sized enterprises in a growth phase. In case the investment amount exceeds the determined project value, the Company may cooperate with a highly value added investor which has the same vision.

İş Private Equity determined its geographical focus as companies based in Turkey, but preferably with connections abroad. İş Private Equity prefers to invest in sectors that are large and are continuing to grow rapidly while being not affected by cyclical changes.

The investments that are undertaken are generally in the forms of growth focused capital, project based restructurings and acquisitions. The exit strategy, on the other hand, is determined by prioritizing a strategic exit.

OUR INVESTMENT CRITERIA

İş Private Equity's criteria for the companies that it will invest in can be summarized as follows:

1. The expectation of a high return
2. A realistic growth expectation
3. Operating profitability
4. A strong, experienced, innovative and highly energetic management team who are integrated with their business and who can take decisions rapidly
5. Sustainable competitive power with market share and branding, a business plan which is realistic and difficult to imitate, products and services that are genuine and which have a competitive advantage
6. Exit opportunities (sale to a financial/strategic buyer, public offering, sale to current shareholders)

İŞ PRIVATE EQUITY'S DISTINGUISHED ADVANTAGES

STRONG EXECUTION CAPABILITY

- Wide experience in structuring complex transactions
- Comprehensive assessment activities
- Cooperation with competent legal advisors, financial auditors and other sectoral advisors
- The opportunity to reach reliable information
- Collaborations that co-investors have confidence in
- Strong relations with banks and financing opportunities

PROJECT CREATION ABILITY

- The competitive advantages brought by prioritized access to projects: The majority of projects that are analyzed invested in by from İş Private Equity

VALUE FOR COMPANIES IN THE PORTFOLIO

- Value creation strategies: Entering new markets, strategic direction, operational improvement
- Proactive, discipline management and active control
- Healthy structuring of internal processes
- Enhancing management and execution with experienced advisors and managers
- Establishing best practices in corporate management standards

LOCAL KNOW-HOW AND ENTERPRISE

- Local know-how and wide experience in the private equity sector
- A manager pool with operational expertise in private equity portfolio companies and an investment team comprised of professionals who are loyal to each other and who combine a global vision with local know how
- A wide knowledge of Turkish accounting standards and law
- As one of the longest established funds, the ability to meet the needs and expectations of SMEs - an ability developed by sectoral know how and market perception
- The respect and trust commanded by the investment team, which has adopted the business culture in Turkey and which is recognized for its strong expertise among the partners of the target companies.
- Ability to access other funds

A PROVEN HISTORICAL PERFORMANCE

- The number one in the sector with 17 investments and 11 full and 2 partial exits
- A high compounded return and multiple

INVESTMENTS AND EXITS



THE COMPOUNDED RETURN OF İŞ PRIVATE EQUITY'S EXITS IS 26.46%.

İş Private Equity examines projects for the transactions of medium-sized companies in Turkey, taking investment and exit decisions as a result of an evaluation process based on objective criteria.

İş Private Equity examined 2,843 projects in total in its project assessment process between 2000 and 2020 to determine projects that meet its investment criteria. İş Private Equity invested in 17 companies during this period.

A look at the project resources shows that most of these projects were assessed directly by İş Private Equity's own initiative.

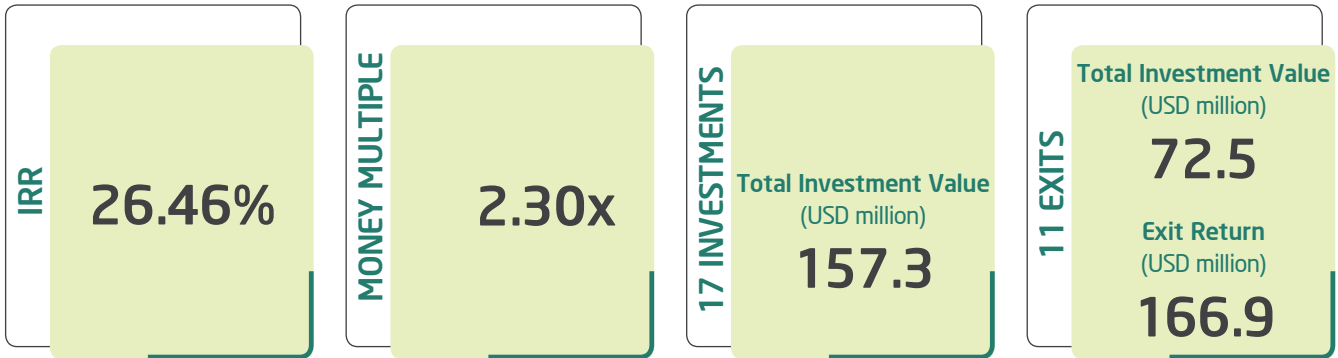
The 17 investments undertaken between 2000 and 2020 had a total volume of USD 157.3 million, while the total volume of the 11 exits was USD 72.5 million.

İş Private Equity attracts attention with its investments to the companies in its portfolio.

İş Private Equity provided high returns to its shareholders thanks to successful exits.

İş Private Equity's exit return was USD 166.9 million as of December 2020. The compounded return of İş Private Equity's exits, on the other hand, is 26.46%.

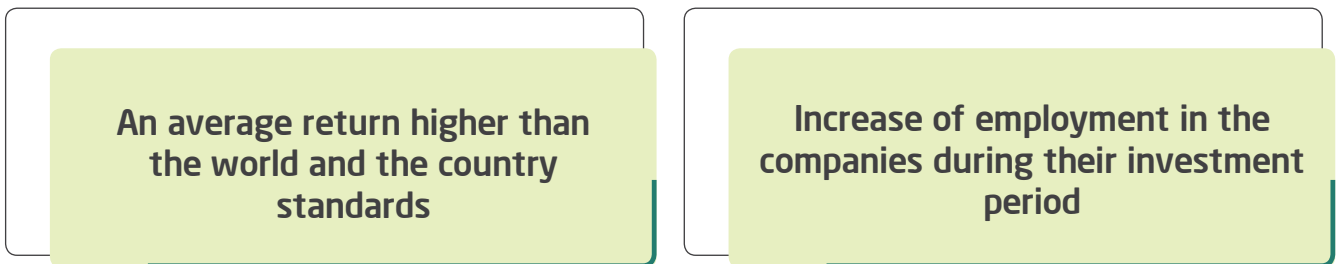
As a result of exits, the realization multiple stands at 2.30x in USD basis.



ADDED VALUE TO THE EXITED COMPANIES DURING AN INVESTMENT PHASE OF 4 YEARS IN AVERAGE



HIGH RETURN



THE COMPANIES IN OUR PORTFOLIO

TATİL BUDUR



RADORE



THE İYİ GROUP



SPORTIVE



ORTOPRO



NEVOTEK



TATIL BUDUR

(TATILBUDUR SEYAHAT ACENTELİĞİ VE TURİZM A.Ş.)

TATILBUDUR BECAME ONE OF THE COUNTRY'S THREE BIGGEST TOUR OPERATORS ACTIVE IN THE HOME MARKET WITH THE ADDITION OF NEW PRODUCTS AND BRAND ACQUISITIONS TO ITS INVENTORY.

Branding itself as tatilbudur.com, Tatilbudur Seyahat Acenteliği ve Turizm A.Ş. is a Kadıköy İstanbul-based travel agency and tour operator. With a presence in 56 cities in Turkey consisting of more than 125 sales offices and more than 450 system agencies as well as a website, mobile app, and call center, the company provides a broad array of domestic and international tourism industry products and services including flights, tour packages, hotel and similar reservations, airline tickets, and transfers.

Located at www.tatilbudur.com, the company's website racks up about a million page views and 48 million visits a year making it one of the most popular service platforms in its sector.

In 2019 Tatilbudur had a customer satisfaction rating of 89%, a figure that it continues to add to with new offerings. According to an independently-conducted brand recognition and perception survey of travel agencies, Tatilbudur's brand-recognition among holiday-industry service-providers increased by 72% between 2016 and 2020. Continuing to invest in branding assets, Tatilbudur is a lead sponsor of the Turkish Basketball Federation.

As of end-2020, İş Private Equity controlled a 40% stake in Tatilbudur, whose other shareholders as of the same date were Çetin Yılmaz, 37 Ventures, and co-founder D. Bülent Kuş.

Originally based in Marmaris, a popular Aegean resort in southwestern Turkey, Tatilbudur was set up in 1997 to provide incoming services. In 2007, the company turned its attentions to domestic tourism and soon became one of the country's

three biggest tour operators active in the home market with the addition of new products and brand acquisitions to its inventory. Under the tatilbudur.com, GTC, TatilbudurMice brands which it has created and through which it conducts its operations, Tatilbudur is one of the most important players in Turkey's tourism industry as a provider of transportation, accommodation, and agency services.

Brands:

Tatilbudur provides a broad range of products that include cultural tours, international package and individual tour services, cruise tours, city hotel reservations, airline ticket sales, transportation, and corporate travel services. It also handles reservations for Turkey's leading holiday villages and resort hotels.

GTC is a B2B internet portal that provides access to the airline ticketing and reservation systems of more than 400 domestic and international airlines to all domestic and international destinations.

TatilbudurMice is a Tatilbudur brand that provides a wide range of MICE (meeting, incentives, conference, exhibitions) products and services to corporate clients.

Awards & recognitions

- 2019: "Most Successful Brand Of The Year In The Tourism & Travel Industry" (The ONE Integrated Marketing Awards)
- 2017: "Best In Class" in four separate travel-industry categories (Google Brand Lift)



- 2018: "Silver MIXX" (Word Of Mouth Marketing)
- 2018: "Premier Tourism Industry Google Partner Of The Year"
- 2015: "Company Adopting Consumer Satisfaction As A Principle Award" (TR Ministry of Industry and Trade)

FROM TATILBUDUR'S GENERAL MANAGER...



It's generally acknowledged that the tourism industry was one of the sectors most severely impacted by Covid-19 and by the measures taken to prevent the virus's spread. Tatilbudur was no exception and its operations ceased almost entirely from mid-March onwards. Many countries, Turkey being among them, imposed international and internal travel bans in a bid to contain the spread of infection. The World Health Organization as well as public authorities in most countries advised people to reduce social contact and to avoid congregating in public spaces unless absolutely necessary. In some countries and regions, authorities went so far as to impose curfews and other restrictions on movement. The measures taken to deal with the Covid-19 pandemic confronted us with a tsunami of cancellations of previously-made sales while also forcing firms everywhere to delay payments. Such a severe and sudden collapse in economic activity affected the cashflows of all tour operators, Tatilbudur included. Indeed cashflow management was the issue that caused us the biggest headaches.

In the course of this challenging process, our corporate services, international tours, international ticketing, and incoming

operations and sales came to a complete standstill. Although there were stirrings in our domestic hotel reservation sales as of end-June, sales were fewer than hoped and remained far below those of 2019 because demand was so weak and summer-resort hotels were only allowed to operate at 50% capacity when they eventually did reopen. Our 2020 turnover was down by 56% as compared with that of 2019 and we achieved only 52% of our 2020 budget target. Moreover the surge in cancellations of previously-made 2020 sales meant that we had to refund around TL 60 million to customers last year.

In the last quarter of 2019 we initiated a restructuring process through which we introduced a number of measures aimed at cutting costs and rationalizing all of our payroll and other operational expenses. These measures were successful to a significant degree. We also kept a close watch on all the incentive and other relief measures being provided by the government and benefitted from them wherever possible. Keeping a strict watch on all expenditures, we negotiated changes in contractual agreements as circumstances allowed and tapped into every possible source of financing to help support our liquidity.

Thanks both to the brand value that it has built up among consumers and in the sector and to the determination and team spirit of its employees, Tatilbudur will make it through this difficult period. I have complete confidence that, just like many other firms which achieve exemplary successes when confronted by tough challenges, Tatilbudur will not just survive but will emerge and continue on its way even stronger. I would like to thank our shareholders, our team and our employees for all of their support during this difficult period.

Onur Otruş
General Manager



RADORE

(RADORE VERİ MERKEZİ HİZMETLERİ A.Ş.)

TURKEY'S FASTEST-GROWING INDEPENDENT DATA CENTER, RADORE RECENTLY RACKED UP ANOTHER SUCCESS WITH ITS CITATION AS "HOSTING SERVICES CATEGORY LEADER" IN THE TURKEY'S TOP 500 IT COMPANIES SURVEY.

Headquartered in Turkey, Radore Veri Merkezi Hizmetleri A.Ş. is a solution partner which provides professional IT services that make it possible for businesses of every kind to host their data in Turkey in accordance with the requirements of Turkish data-security laws and regulations. Deploying its resources, the company also provides server hosting services, server and hardware rental services, cloud server services, content delivery network services, value-added management services, and domain name and shared web-hosting services.

Turkey's fastest-growing independent data center, Radore recently racked up another success with its citation as "Hosting Services Category Leader" in the Turkey's Top 500 IT Companies survey. As a result of a joint venture undertaken in 2020 with n11.com, one of Turkey's

biggest online marketplaces, Radore introduced n11cloud, an innovative cloud service that was also the first ever to be sold through an online marketplace. Radore itself also provides its customers with RCD Cloud, a completely innovative cloud service equipped with K8s containerization technology. Radore achieved 19% turnover growth in 2020 thanks to the growth strategy implemented successfully on the track towards institutionalization, which began with private equity investment. Radore holds the quality and safety certifications such as PCI/DSS, ISO 9001, ISO 27001, and continues to grow with its team of 57 staff together with its customer base which extended to more than 4,000 people and institutions as of the end of 2020. The partnership rate of İş Private Equity in Radore was 25.50% as of the end of 2020.



FROM THE GENERAL MANAGER OF RADORE...



Radore is Turkey's fastest growing independent data center...

Conforming to internationally-accepted service-management standards, Radore Data continues to further improve its service quality and grow even stronger in its delivery. Despite a global pandemic and all the other adversities that beset 2020, our continued commitment to quality and customer focus made it possible for us to rack up yet another success and experience the pride of being cited as "Hosting Services Category Leader" in the Turkey's Top 500 IT Companies survey. Thanks also to the success of the growth strategy to which we adhere, we registered a 19% rate of growth in our turnover last year. We continue to advance confidently towards our envisioned and avowed goal of ranking among the top IT companies in Turkey.

Speaking on behalf of Radore, I should note that 2020 was the year in which we began to reap the benefits of all of our efforts to develop new products and platforms. Last year we launched two new innovative cloud services based on what the strong partnerships we have entered into tell us they need. Thanks to these services, which are based on and incorporate a genuine "cloud-native" architecture, we have begun to position ourselves as an entirely-domestic alternative to global cloud service providers by providing hosting services which store its users' data completely within the country.

Under a joint venture undertaken in 2020 with n11.com, one of Turkey's biggest online marketplaces, we launched n11cloud, an innovative cloud service that was also the first of its kind ever to be sold through an online marketplace. Deploying the technical expertise and cloud technology that we provided

through this project, we served as a driving force in the digitalization and cloud-technology adaptation of all the customers and business partners within the n11.com ecosystem.

We have joined forces with KubeSphere, the provider of an innovative, Cloud Native Computing Foundation-certified Kubernetes-based containerization management platform which is 100% open-source and is continuously being improved by a global community of more than three thousand developers. Under our agreement with Kubesphere, we are the development-community leader in Turkey, Europe, and the Middle East. The ability to work closely with the KubeSphere development ecosystem arising from this partnership also gives us access to some very important technology-integration opportunities.

Radore Cloud Datacenter (RCD) is a new cloud-solution platform which we have developed using KubeSphere technology. Because this innovative service is based on and incorporates a genuine "cloud-native" architecture, it has been attracting much attention among our customers. Our RCD solution is based on Kubernetes (K8s) containerization, a technology that is already shaping the future of cloud computing. This feature gives it a unique position in the provision of cloud-based services in Turkey as a flexible, scalable, and isolated IT infrastructure management platform which allows businesses to monitor their resource use in real time and to increase and reduce system resources exactly as they wish.

New services and business partnerships also increase the weight of corporate customers in Radore's portfolio, which makes it possible for our company to enter into longer-term and higher-volume business relationships. This process expands our inventory of high added-value services and it is what we believe provides strong foundations that will continue to underpin our strong and rapid growth for years to come. With this in mind, we offer our thanks to all of our stakeholders for their most valuable contributions to our success but especially to İş Private Equity and its valued employees for a proactive business-development approach that adds to Radore's strength by enabling it to take on more and more new projects.

Barbaros Özdemir
General Manager



THE İYİ GROUP

(İSTANBUL YİYECEK İÇECEK GRUBU)

THE GASTRONOMY-SECTOR VENTURE ON WHICH İŞ PRIVATE EQUITY EMBARKED IN 2012 WITH THE VALUE-CREATING THE İYİ GROUP BRAND CONTINUES WITH THE MİKLA BRAND IN THE WAKE OF THE COMPANY'S SUCCESSFUL NUMNUM AND KRONOTROP PARTIAL EXITS.

The İYİ Group, a gastronomy-sector value-creating brand with which İş Private Equity joined forces in 2012, continues to maintain its solidly-competitive market position thanks to the strong brands in its portfolio.

The İYİ Group was established in 1996 under the guidance of Mehmet Gürs. As of the end of 2020, İş Private Equity held an 83.57% stake in the İYİ Group.

With its concepts ranging from fast and comfortable meals to fine dining, İYİ Group offers different and innovative products and services to its customers in all segments of the gastronomy sector. Mikla, the flagship of the İYİ Group, demonstrated its success by ranking 52nd on the World's Best Restaurants list, and continued to be one of Turkey's

most famous world-wide brands. Since the sale of the Numnum and Kronotrop brands in 2020, two franchise restaurant brands-Mikla and Pizzeria Enzo-remain in the group's portfolio. Management-consultancy services are also being provided to Mürver, a restaurant located on the top floor of Novotel Istanbul Bosphorus.





SPORTİVE

(TOKSÖZ SPOR MALZEMELERİ TİCARET A.Ş.)

SPORTİVE IS TURKEY'S BIGGEST LOCALLY-OWNED, MULTI-BRAND, MULTI-CHANNEL SPORTSWEAR, GEAR & EQUIPMENT RETAIL AND WHOLESALE COMPANY.

Sportive, one of Turkey's leading retailers of sportswear, maintains its steady growth performance.

Established in 1985, Sportive has accelerated its growth with the investment undertaken by İş Private Equity. The company grew approximately 20% in 2019 with a turnover of TL 253 million. In 2019, turnover achieved through www.sportive.com.tr increased 34%.

Turning its attentions to digital channels in its response to the Covid-19 pandemic, Sportive saw a 54% rate of growth in its online sales and, unlike any of its competitors, actually increased its e-commerce EBITDA by 52%, thereby almost doubling the ratio of its online to total sales from 9% to 16%.



FROM SPORTİVE'S GENERAL MANAGER...



For Sportive, Turkey's biggest locally-owned, multi-brand, multi-channel sportswear, gear & equipment retail and wholesale company, 2020 was a tough year indeed. Owing to pandemic-related restrictions imposed around the world, the company suspended operations entirely for 75 days between March and May and had to operate under partial-shutdown conditions in June and December. In the face of such severe challenges, we nevertheless managed to keep the reductions in our sales and EBITDA performance to 15% and 23% respectively.

In March as the crisis was just getting under way, we entered into discussions with our domestic and international suppliers exploring our long-term options. As a first step we cancelled about 35% of the orders that we had made for the year and, in the ensuing months, we made additional discounted-price spot purchases in line with our requirements. This approach enabled us to keep both our profitability and our cashflow flow healthy. Beginning in March we also entered into tough negotiations with AVM managers that continued for the rest of the year, as a result of which we were able to reduce our rent expenses by an annualized 45%. (These negotiations will

continue in the same way in 2021 by the way.) Through urgent action taken in all of the company's operational expenses, we were able to generate savings on the order of 25% on a twelve-month basis. By means of a variety of campaigns that we conducted through all of our sales channels, we succeeded in maintaining our cashflow and protecting our gross margin.

By means of aggressive balance sheet management, shrewd sales strategies, and-most importantly-fast and flexible management, we were able to increase Sportive's net profit by 82% and continue to distinguish the company from all of its competitors.

In 2020 we negotiated a three-year renewal of our exclusive Puma Türkiye contract. This contract includes a commitment to expand our wholesale purchases by 35% annually. Last year we also renewed and extended our exclusive distributorship agreement with Nike Accessories.

Owing to the Covid-19 pandemic, digitalization has made great strides in the retailing industry all over the world but this has been especially true in Turkey's sportswear, gear & equipment sector. Sportive boosted its online sales by 54% in 2020 and, unlike any of its competitors, actually increased its e-commerce EBITDA by 52%, thereby almost doubling the ratio of its online to total sales from 9% to 16%. For 2021 we have set ourselves the goal of achieving growth rates of 55% in e-commerce sales and of 60% in EBITDA performance. In 2021 we will be rolling out a next-generation unified-commerce business model that will enable us to grow our business without burdening us with additional stock costs. In this way we'll be able to give consumers a unique and innovative shopping experience by selling both our own and our competitors' goods through our [sportive.com.tr](https://www.sportive.com.tr) website.

Paralleling the trend towards healthier living and physical exercise that entered our lives as an element of Covid-19 lockdown culture and maintaining the same discipline in the conduct of our operations, our goal in 2021 will be to increase our sales by 40% and, even more importantly, our EBITDA by 56%.

Zeynep Selgür
General Manager

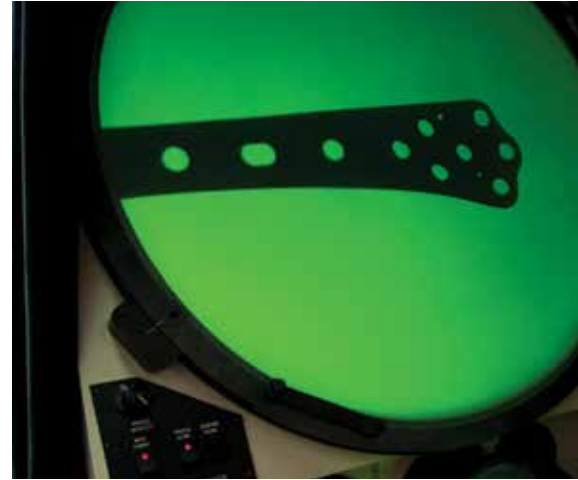


ORTOPRO

(ORTOPRO TIBBİ ALETLER SANAYİ VE TİCARET A.Ş.)

ORTOPRO, A LEADING DOMESTIC MANUFACTURER OF ORTHOPEDIC DEVICES IN TURKEY, EFFECTIVELY MANAGED THE ADVERSE ECONOMIC IMPACT OF COVID-19 ON ITS OPERATIONS THROUGH THE MEASURES THAT IT TOOK TO DEAL WITH PANDEMIC-RELATED RESTRICTIONS IMPOSED ON VISITS TO HEALTHCARE PROVIDERS AND ORGANIZATIONS AROUND THE WORLD.

Operating from its new generation production facilities in the Aegean Free Zone in Izmir since 2007, Ortopro is a manufacturer of orthopedic implants with one of the most innovative and comprehensive product portfolios in Turkey. Challenging as it was owing to the Covid-19 pandemic, Ortopro nonetheless rolled out three new knee and hip system products and diversified its export markets.



FROM ORTOPRO'S GENERAL MANAGER...



As a company, Ortopro was seriously affected by restrictions imposed on the conduct of arthroplastic surgical interventions on account of the Covid-19 pandemic in 2020. By means of effective cost management and as a result of export sales close to the year's previously-set targets, the company continued to maintain its sustainable growth in line with the strategic goals towards which it has been working over the years.

The novel coronavirus epidemic that broke out in late 2019 and turned into a global pandemic by the end of the first quarter of 2020 affected every aspect of the world's healthcare industry from manufacturers and supply chains to healthcare providers and consumers. As a result of efforts to prevent the spread of infection and also to conserve healthcare resources, non-emergency orthopedic surgical interventions were put on hold and non-essential access to healthcare service providers was restricted.

In 2019 Ortopro sold more of its orthopedic devices to its home market than in any previous year in the company's history. While this record-breaking performance continued into January and February 2020 with the sale of about 865 units a month, sales faltered after mid-March as the effects of the pandemic took hold. As a result of the rollout and successful implementation of Turkey's vaccination program, we expect that there will be a rapid increase in sales as postponed surgeries are eventually carried out and that this should make up for 2020's losses.

Despite all the challenges that we faced last year, we nonetheless continued our efforts to expand our export markets. While the pandemic depressed sales to our biggest markets like Mexico and Argentina, our entry into new markets such as Ukraine, Iraq, and Dubai helped counter this. We made new additions to our customer portfolio in Thailand and Vietnam, two

countries in the Asian market on which we have set our sights, while progress was also made in the direction of having our devices certified in Malaysia. In the Russian market, which is of great strategic importance for our company, we have initiated device-certification procedures through a new sales channel. Last year we launched our Superica knee system product in Argentina and also began promoting our devices in Germany and Holland through our German distributors. We expect to see the results of these efforts and to make our first sales in these markets in 2021.

The first project that we submitted to the Small and Medium Enterprises Development Organization (KOSGEB) under its Overseas Market Support Program has been approved by that agency, whose package includes many different kinds of support ranging from partly defraying our target-market international travel and marketing materials expenditures to subsidizing salary payments made to personnel during the lifetime of the project. As a result of the promotional activities carried out in the target market under this project, our firm will become better known there, which will increase the overall number of countries that we export to.

During 2020 we completed CE documentation formalities for three knee and hip system products. In 2021 we intend to launch three new products, which we expect will make significant contributions to our overall turnover. We have developed action plans for dealing with and meeting the requirements of the new EU Medical Device Regulation (MDR), which makes radical changes in the Medical device manufacturing industry's regulatory and licensing processes and which imposes serious obligations on the industry as a whole. We will begin acting on these plans in 2021 with the aim of submitting the documentation on all of our products for MDR CE approval before the end of 2022.

To help alleviate the adverse economic impact of the Covid-19 pandemic in 2020, we took advantage of various state-provided incentives and relief such as the "Short-Time Working Allowance" while also adhering to a policy of managing our stocks effectively and our costs strictly. Among other things, the latter entailed relocating our headquarters from İstanbul to İzmir, thereby generating economic benefit by shutting down a cost center. With our renewed motivation and increased economic resources, in 2021 we will continue to be a highly-trusted orthopedic surgery medical device provider both at home and in our export markets.



NEVOTEK

(NEVOTEK BİLİŞİM SES VE İLETİŞİM SİSTEMLERİ SANAYİ VE TİCARET A.Ş.)

EXPORTING TO INTERNATIONAL MARKETS BY DEVELOPING SOFTWARE IN TURKEY, NEVOTEK'S PRODUCTS ARE USED IN THE ACCOMMODATION, HEALTH, AND MARITIME SECTORS IN MORE THAN 40 COUNTRIES.



Nevotek is a strategic partner of Cisco Systems, one of the world's IT giants. Nevotek's hospitality products are sold by Cisco Systems. Nevotek, which started its operations in 2001, provides software solutions for transporting voice, data and images through Internet based communication infrastructure.

As well as Cisco, Nevotek has close ties with LG, Samsung, Oracle and Microsoft. Some of the projects developed by Nevotek in recent years are summarized below.

In 2018, Koridor, which is a subsidiary of Nevotek and based in the United States, had largely completed its product development process and began pilot studies with hotels in 2019. After the completion of pilot studies, it has started to provide services to hotels in the US

market on the basis of a recurring revenue model through a cloud-based software. One of the most important features of the product is that hotel guests can choose their rooms at the time of booking.

Over the past two years, Nevotek has focused on moving its product range to cloud technology. New products are designed entirely on a cloud based basis. In the last year, work has continued on two main cloud products. Work on the first, the NevoEDGE product, is largely complete. The first sales with the recurring revenue model were realized to the USA media giant, "Comcast Corporation". The other cloud product, GRACE, meanwhile, stated to receive positive feedback from the hospitality industry, despite still being in the development phase.

The WHO's declaration of a global pandemic in early 2020 had an especially serious impact on the hotel industry. NevoTouchless is a product that we developed and introduced to help hotels satisfy their guests' demand for stricter health and hygiene conditions not just during the Covid-19 pandemic but also in a post-pandemic world.

The contract signed between Cisco and the IHG (Intercontinental Hotels Group) is ongoing. The customers of about 1,500 hotels around the world use Nevotek's Unilink product to access the internet in the cloud environment from their wireless devices and benefit from hotel services.

İş Private Equity's share in Nevotek stood at 95.37% as of the end of 2020.

FROM THE GENERAL MANAGER OF NEVOTEK...



With a customer base 90% of which is international, Nevotek continued to strengthen its position in the hotel and healthcare industries with the addition of more all-cloud platforms to its product portfolio last year. The fact that such major TV manufacturers as LG, Samsung, and Philips showed interest in Nevotek's cloud integration platform for the hostelry market despite the ongoing Covid-19 pandemic is an indication that our company's products are capable of filling an important gap in the market.

Tankut Turhan
Chief Executive Officer



HAVAŞ: AN AVIATION INDUSTRY SUCCESS STORY

İŞ PRIVATE EQUITY'S HAVAŞ INVESTMENT GENERATED A 28.99% EUR-BASED COMPOUND ANNUAL RATE OF RETURN.



On 20 October 2003, Turkey's General Directorate of Civil Aviation authorized privately-owned airlines to operate scheduled flights on domestic routes. This deregulation of the domestic scheduled-flights market triggered not only its growth but also competition among its players. Because the country's geopolitical position in the globalization process had already begun to make Turkey a natural transfer point, there was a rapid increase in traffic on both international and domestic routes.

Developments in Turkey's civil aviation industry have continued to make its market increasingly more attractive since the early 2000s.

Having spotted aviation-industry business opportunities on its radar, İş Private Equity established close contacts with firms that provide products and services at different points along the value chain at a time when air transport was undergoing rapid growth in Turkey.

After exploring and assessing its options, İş Private Equity decided that Havaş, a ground handling services provider that

had originally been set up in 1933 as a state-owned enterprise, had been privatized in 1987, and had since emerged as the market leader in Turkey, was an investment opportunity compatible with its own corporate objectives and mission.

As a result of negotiations with TAV Havalimanları Holding A.Ş., Turkey's leading airport management firm and another link in the air transport value chain, İş Private Equity decided to purchase a 6.67% stake in Havaş as a leveraged acquisition.

İş Private Equity acquired that stake in 2010 for EUR 8 million. In 2012 it sold the stake back to TAV for EUR 15.2 million and exited the investment. This means that İş Private Equity's Havaş investment generated a 28.99% EUR-based compound annual rate of return.

Investment theme

Owing to its deep roots, years of experience, and standing as market leader, Havaş commanded a special place in Turkey's ground handling services industry. Taking into account the rapid growth in the Turkish air transport





industry along with all these other attributes, İş Private Equity recognized that Havaş was an ideal investment opportunity.

Another aspect of the potential deal that İş Private Equity saw as being attractive was Havaş's stated intention to set up a new ground handling services company (TGS Yer Hizmetleri A.Ş., TGS) in partnership with Turkey's flag-carrier Turkish Airlines (THY).

Investment-generated value

In addition to the financial discipline arising from its partnership with İş Private Equity, Havaş's strong position in

the sector and dynamic business model enabled the company to grow rapidly and confidently.

New top-level professionals, including a financial affairs director, joined the company in order to create a stronger organizational structure. Concurrent with this, steps were taken to improve Havaş's IT, accounting, and management reporting infrastructure.

At a time when İş Private Equity was still a Havaş investor, Havaş and THY set up TGS to provide ground handling services for THY flights. Havaş and THY controlled equal (50%) stakes in TGS. This joint venture ensured that Havaş

HAVAŞ: AN AVIATION INDUSTRY SUCCESS STORY

would benefit from THY's growth and strengthen its competitive position by guaranteeing its access to the Turkish aviation industry's biggest ground handling services customer for the next five years.

Havaş also acquired a 50% stake of its own in NHS, a ground handling services company based and operating in Riga, the capital of Latvia. Havaş subsequently increased its stake to 66.6%, after which NHS was rebranded as "Havaş Europe".

With the benefit of Havaş's vast experience in the provision of ground handling services, Havaş Europe quickly expanded its operations and began providing such services at other airports-Stockholm (ARN), Helsinki (HEL), Frankfurt (FRA), Munich (MUC), Berlin (TXL), Dusseldorf (DUS), Hamburg (HAM), Stuttgart (STR)- as well as at Riga's (RIX).

During the two and a half years while İş Private Equity was a Havaş shareholder, the number of flights served by Havaş grew by 57% from 176 thousand to 277 thousand a year while its share of the Turkish ground handling services market increased from 51% to 61%. The number of people in its employ more than doubled from 4,735 to 9,928. (Part of this increase was due to its stake in TGS.)

A successful exit

In addition to the THY-Havaş partnership, a strategy of expanding internationally that was supported by sectoral growth made it possible for Havaş and its subsidiaries to increase the number of flights they served from 176,489 a year in 2009 to 277,507 in 2011. The number of countries in which they had operations also grew from two to five during the same period.

Having fulfilled its investment objectives as Havaş rapidly achieved its own domestic and international growth targets, İş Private Equity initiated negotiations, as a result of which 38% of majority shareholder TAV's stake in Havaş was sold to Aeroports de Paris Management on 16 May 2012. İş Private Equity for its part sold its own 6.67% stake in Havaş back to TAV for EUR 15.2 million.

At a time when the whole world was suffering from a global economic crisis, İş Private Equity earned EUR 15.2 million on an investment that had originally cost it EUR 8 million. That corresponds to a 28.99% EUR-based compound annual rate of return.

SALES TO TAV HAVALİMANLARI A.Ş.

FIELD OF ACTIVITY	Ground handling	RETURN (IRR - MONEY MULTIPLE)	29.0% - 1.90x	PROCEED FROM THE EXIT	15.2 EUR million
INVESTMENT AMOUNT	8.0 EUR million	INVESTMENT PERIOD	2010 - 2012	EXIT	TAV Havalimanları Holding A.Ş.

HAVAŞ CHAIRMAN'S MESSAGE TO İŞ PRIVATE EQUITY



As one of Turkey's leading brands, we take satisfaction and pride in playing an important role in the growth and development of our country's aviation industry as well as in expanding the breadth and depth of the services which we provide.

Developing countries' middle-income groups are growing rapidly and as they continue to do so, it's expected that air-line traffic will grow at least as fast-if not faster. Worldwide, air passenger traffic is increasing by 4-5% a year and a great deal of that growth is taking place in regions where Havaş has operations.

We foresee that global air passenger traffic will double over the next 20 years and that emerging markets' shares of this total traffic will increase as well. We expect to see something similar happening in our own country's aviation industry. Population growth, urbanization, globalization, and a growing middle class will be the driving forces of the sustainable development of airline traffic in Turkey.

In the processes of spearheading growth and change and of internalizing megatrend-engendered business opportunities, our partnership with İş Private Equity represents an important milestone in Havaş's

corporate history. This partnership-this close alliance-has contributed to and greatly leveraged Havaş's market value as Turkey's first and leading ground handling services provider in 28 of the country's airports as much as it did towards giving Havaş a multinational identity.

To put it succinctly, the partnership agreement into which we entered in 2010 in line with our growth strategy has transformed Havaş into a ground handling services company whose name and reputation command as much attention in the international arena as it does in its home market.

In the course of our relationship with İş Private Equity, Havaş added TGS Yer Hizmetleri A.Ş. to its inventory of assets, an addition that doubled the number of planes that it serves in Turkey. Our acquisition of a controlling stake in Havaş Europe in the course of the same process is what transformed our company into a multinational ground handling services provider now with operations in six countries.

As Havaş's leadership and presence in the ground handling services industry gain strength and its brand becomes an

increasingly more versatile asset, our expectations of our future performance increase as well.

Finally, our partnership with İş Private Equity was a collaboration that contributed to our efficiency, productivity, and ability to create long-term value. This multidimensional value-creating collaboration went far beyond providing our company with financing: it made valuable additions to our brand strength, our institutionalization, our technological capabilities, and our human resources.

We thank İş Private Equity and its worthy management team for helping to make this most valuable experience possible.

Sani Şener
Founding Partner & CEO

SUMMARY OF 2020 OPERATIONS

Financial Operations

Funds which are unable to be invested as private equity investments are seized in money and capital markets taking the Company's obligations into account. When doing so, utmost care is given to create a well-diversified portfolio that is structured taking into consideration such weighting and risk parameters as instrument, term, currency unit, yield and so on.

In 2020, the portfolio excluding private equity investments was invested in TL and foreign currency time deposits, borrowing instruments, investment funds

and stocks. During 2020, TL 30,000,000 was paid out for the Toksöz share capital increase and TL 3,500,000 was paid to Ortopro for a share in that company. Numnum and Kronotrop, two companies that were created as a result of the complete demerger of Numnum Yiyecek ve İçecek A.Ş., were sold for TL 9,300,000 and TL 14,725,000 respectively. Mikla Yiyecek ve İçecek A.Ş., a company in which we control an 83.57% stake, remains in our portfolio.

The Company's financial statements are prepared in compliance with the requirements of CMB communiques concerning capital market financial reporting.

The venture capital investments that are included among the "Long-term financial investments" shown in the 31 December 2020 financial statements are listed below.

Company	Stake (%)
Nevotek Bilişim Ses ve İletişim Sis. San. ve Tic. A.Ş.	95.37
Ortopro Tıbbi Aletler San. ve Tic. A.Ş.	97.22
Toksöz Spor Malzemeleri Ticaret A.Ş.	90.63
Mikla Yiyecek ve İçecek A.Ş.(Numnum)	83.57
Radore Veri Merkezi Hizmetleri A.Ş.	25.50
Tatil Budur Seyahat Acenteliği ve Turizm A.Ş.	40.00

Administrative Operations

Human Resources

As of end-2020, İş Private Equity had 10 people on its payroll. Management personnel are identified in the "Information on Corporate Governance Practices" section of this report.

Our Company has not entered into any collective bargaining agreements. Company employees' rights and entitlements are governed by applicable laws and regulations and by the Company's own bylaws and regulations. Company personnel practices are kept current as circumstances warrant.

Annual General Meeting

İş Private Equity's Annual General Meeting for 2019 was held on 17 March 2020. Meeting-related announcements were

made within statutorily-mandated periods of time via the KAP (Public Disclosure Platform), Türkiye Ticaret Sicili Gazetesi (Turkish Trade Registry Gazette) the Company's corporate website and the e-sirket.mkk.com.tr portal. Decisions of material importance taken at the meeting were concerned with electing members of the Board of Directors, the Company's independent directors, with the Company's dividend distribution decision. At the ordinary General Assembly meeting, it was decided not to distribute the capital increase through rights issues and/or cash dividend from profit for the period. The results of the Annual General Meeting were registered on 17 April 2020.

68.79% of the Company's capital was represented at the Annual General Meeting.

Announcement concerning dividends in the form of cash payments was published via the Public Disclosure Platform.

Statutory Compliance

There were no legal or regulatory compliance issues capable of directly affecting either the company's activities or its operational results during the reporting period.

Material Event Disclosures

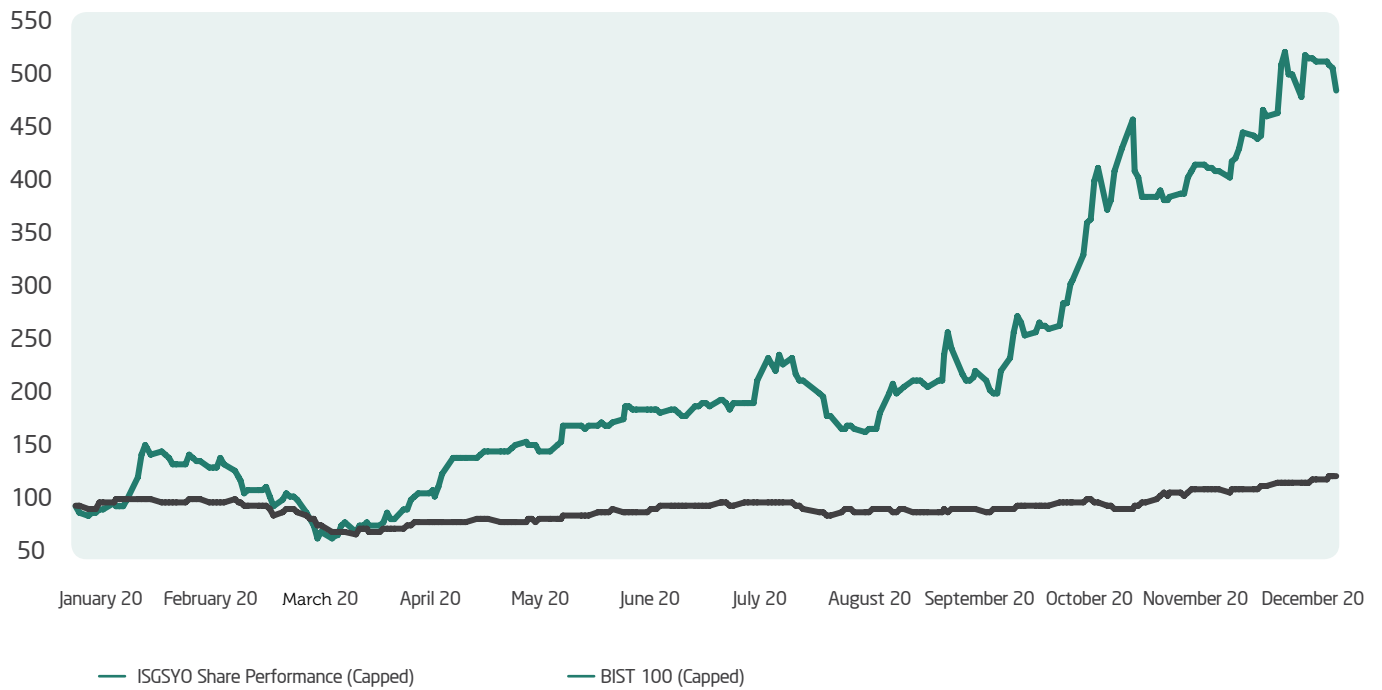
A total of 40 material event disclosures were published by the Company on the Public Disclosure Platform during 2020.

İŞ PRIVATE EQUITY AT BORSA İSTANBUL

TL	2020
Share Price (*)	18.95
Market Value	1,414,664,496

(*) Source: Forex

ISGSYO Share Price



DIVIDEND POLICY

İş Private Equity Board of Directors has approved a dividend policy which is intended to nourish the Company's portfolio growth while also generating high dividend yields for its investors as a publicly-traded company and which is in compliance with applicable laws, regulations and administrative provisions. This policy calls for:

- a) Protecting the Company's performance against national and international economic risks while maintaining the delicate balance between shareholders' expectations and the Company's growth,
- b) Exiting the private equity investments that the Company undertook in its capacity as a private equity firm with above-target returns,

c) Paying out dividends in the form of cash and/or registered bonus shares which correspond to at least 30% of distributable profit and which also take the Company's overall profitability into account.

Payments of cash dividends are to be made not later than the end of the second month following the date of the general meeting at which the decision to pay the dividend is passed. Dividends in the form of registered bonus shares are distributed after the instruments' legal formalities have been completed.

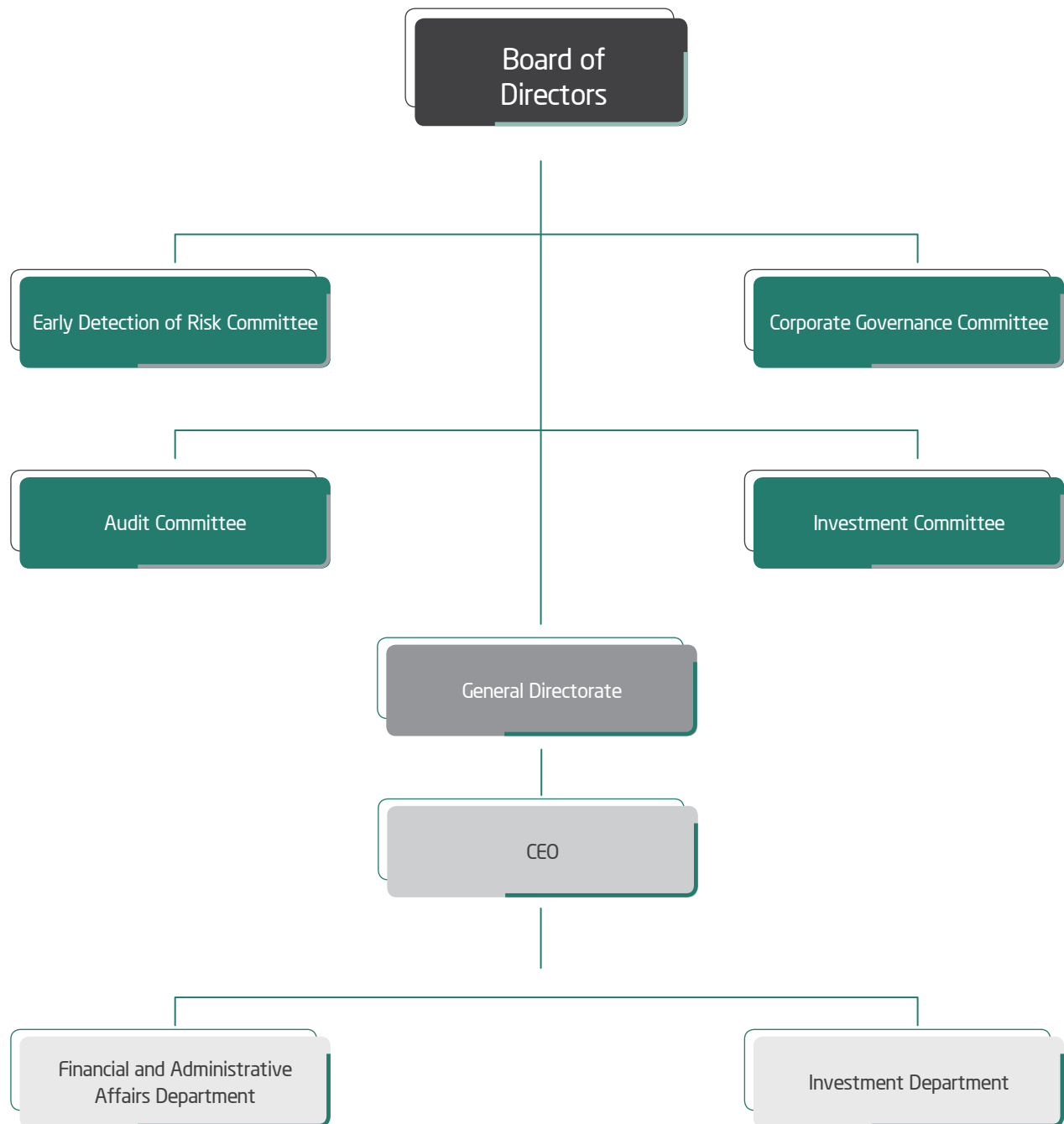
No shares of profits may be allocated to members of the Board of Directors or to Company employees until and unless shareholders' cash dividends have been paid as decided on at a General Meeting.

In the event that the Company exits a private equity investment that it undertakes in its capacity as a private equity firm with above-target returns, it is also the Company's principle to pay its shareholders as much of a cash dividend as possible taking into account both the Company's overall profitability and the constraints of capital market laws and regulations, the Turkish Commercial Code and other applicable laws, regulations and administrative provisions.

CHANGES IN THE LEGAL FRAMEWORK DURING 2020

In 2020, there was no legal regulation that was closely related with our Company's activities.

ORGANIZATIONAL CHART



THE COMPANY'S CODE OF ETHICS

İş Private Equity employees abide by a code of ethics in their fulfillment of the Company's mission of "providing management know-how and capital to companies enjoying a competitive advantage and operating in high-growth-potential sectors so that they may carry out projects that will contribute to the Turkish economy".

İş Private Equity:

- Takes care to conduct its operations within the framework of corporate governance principles.
- Abides by the rule of law and behaves ethically when dealing with employees, shareholders, subsidiaries and all other parties.
- Behaves honestly and abides scrupulously with the rules of fair competition when dealing with other firms engaged in its own line of business.
- For its shareholders seeks to secure returns that are higher than those provided by other investment alternatives through its effective portfolio management and exemplary corporate structure.

When seeking to secure low-risk/high-yield returns for its shareholders, is generally mindful of the existence of the following attributes in the companies that it invests in:

- Honest and transparent management,
- A structure that has high growth potential,
- The ability to be effectively competitive in its sector,

- The ability to achieve additional growth in its sector.
- Ensures that the companies in which it invests benefit from İş Private Equity's own knowledge and experience in ways that are the most appropriate to their needs.
- Provides the companies in which it invests with guidance in their business processes so as to foster their growth.
- Assists the companies in which it invests in their efforts to identify and codify company-wise policies and procedures that will develop their corporate structures.
- Takes any and all measures necessary to prevent any conflicts of interest.
- Makes every possible effort to ensure that any information that it compiles and publicly discloses and/or submits to public authorities is accurate, complete and intelligible and is revealed in a timely manner.
- Ensures that shareholders have the timeliest and most economical access to information about the Company.
- Treats every employee as an equal at the Company and provides all of them with a workplace environment that is fair and safe.
- Safeguards employees' dignity and legally-recognized rights.

- Evaluates employees' performance to determine the degree to which targets given to them have been fulfilled.

İş Private Equity Employees:

- Abide by laws and Company regulations.
- Identify with and safeguard the name and reputation of İş Private Equity.
- Behave judiciously and mindfully in their dealings with each other and with outside parties.
- Avoid any relationship potentially involving personal gain and/or conflict of interest.
- Engage in an ongoing effort to increase their professional knowledge and experience and to improve themselves.
- Are aware of and fulfill their responsibilities to safeguard any information pertaining to the Company that may be of a confidential nature.

Are scrupulous about the proper use of the Company's assets and resources.

Are obliged to notify management about any violations of ethical conduct.

INFORMATION ON CORPORATE GOVERNANCE PRACTICES IN 2020

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Our Company, which is a publicly-held company, achieves compliance with the capital market legislation in the conduct of its operations. The institutionalization concept embraced by the Company's founding partners has been put into life also at İş Girişim Sermayesi (İş Private Equity) that has been incorporated in 2000. The Company maintains its relations with its employees, shareholders and other stakeholders on the principles of equality, transparency, accountability and responsibility. The Company aims to further develop these relations and to spell out these principles in the form of written guidelines to be publicly disclosed within the frame of an institutional approach. In 2012, our Company finalized its efforts to achieve alignment with the compulsory requirements of Corporate Governance Principles. Most of the non-compulsory principles are also implemented, whereas those others that are not implemented do not lead to any conflicts of interest.

The Corporate Governance Compliance Reports were prepared by taking the Corporate Governance Compliance Report (CRF) and the Corporate Governance Information Form (CGIF) as a template in accordance with the Capital Markets Board's decision dated 10 January, 2019 and numbered 2/49, and published on the KAP platform on the following address.

<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/1398-is-girisim-sermayesi-yatirim-ortakligi-a-s>

Detailed information about our Company's practices in relation to Corporate Governance Principles is presented in the following sections.

SECTION I - SHAREHOLDERS

Investor Relations Unit

The Financial and Administrative Affairs Department carries out the duties of Investor Relations Unit. This department operates under Murat Özgen who is the Chief Executive Officer responsible for Financial and Administrative Affairs. İş Private Equity sought to provide necessary explanations in response to shareholders who requested information concerning the Company, provided these were not of a confidential nature or contained business secrets. The Finance and Administration Department keeps the stakeholders informed about topics that need to be publicly disclosed by submitting material event disclosure forms and financial statements of the Company to the Public Disclosure Platform (in Turkish: KAP) (www.kap.gov.tr). The same information is also posted on the corporate website. A report on the Investor Relations activities has been presented to the Board of Directors on 3 December 2020.

	Burcu Perişanoğlu	Diğdem Erdoğan
Phone	212 - 325 17 44	212 - 325 17 44
E-mail	bkalender@isgirisim.com.tr	derdogan@isgirisim.com.tr
License	Third Level and Corporate Governance	

Exercise of Shareholders' Right to Information, Appointment of a Special Auditor

In keeping with its public disclosure policy, our Company makes available information that is not of trade secret nature to shareholders within the frame of equality principle. Also, shareholders' information requests are fulfilled to the extent allowed by the legislation, which concern the legal or commercial relationships between our Company and the real or legal persons that our Company is directly or indirectly related with respect to capital, management or control.

Shareholders are electronically informed through the Company's website and the

Public Disclosure Platform. No events took place during the reporting period, which would prevent the exercise of shareholding rights. Any events that would affect the exercise of shareholders' rights are publicly disclosed on the electronic environment via KAP and the Company's website. Public disclosures are also accessible on the Company's website. Moreover, necessary announcements are placed in the Turkish Trade Registry Gazette for topics that are required by the capital market legislation.

The Company's articles of association do not stipulate the request for the appointment of a special auditor as an individual right. While shareholders are

entitled to request a special audit as per the legislation, no such requests were received during the reporting period. In addition to those, the external audit firm designated by the Company's Board of Directors is laid down for the approval of the General Assembly.

General Meetings

General meetings are held within the frame of the Turkish Commercial Code and the Capital Market Law.

INFORMATION ON CORPORATE GOVERNANCE PRACTICES IN 2020

The Company's 2019 General Meeting took place in İstanbul. The meeting date and quorum are given below:

General Meeting	Date	Required Quorum (%)	Meeting Quorum (%)
Ordinary	17 March 2020	25	68.79

Class A privileged shares were represented with 100% participation in the meeting mentioned above.

Media representatives or other stakeholders did not attend the meetings that were simultaneously held physically and electronically. The topics mentioned in the agenda items specified in the general meeting announcements were clearly communicated to the attending shareholders and shareholders exercised their right to ask questions at the end of the meeting, which were responded to by the Company officials.

None of the questions received during the meeting called for a subsequent written response. Shareholders did not submit any proposals for making additions to the General Meeting agenda that has been announced by the Company.

Prior to the annual General Meeting, financial statements, the annual report and the dividend distribution proposal were made available for the information of shareholders within due time. Disclosures about the said information were made on KAP and posted on the corporate website.

Shareholders were invited to the General Meeting through announcements placed in the Turkish Trade Registry Gazette, the corporate website and announcements on KAP. Sample proxy form was published along with the General Meeting announcement for those shareholders who would attend the meeting by proxy. The announcement for the General Meeting, sample proxy form, General Meeting informative sheet and nominees for the Board of Directors membership were published on the corporate website prior to the General Meeting. The disclosure regarding the General Meeting published on the KAP and the General Meeting informative sheet posted on the corporate website specified the total number of shares in the Company and the number of votes. Disclosures about the

general meetings are also made on the e-General Meeting (e-GEM) portal of the Central Registry Agency.

General meeting minutes are kept available for the information of shareholders at the Company head office. In addition, the minutes are also promulgated in the Trade Registry Gazette following the General Meeting. Following the IPO, the General Meeting minutes, lists of attendees and annual reports have been posted on the corporate website from 2004.

The Company did not provide any donations or grants during 2019, and information on this was provided in the 2019 Annual General Meeting.

Voting Rights and Minority Rights

There are no privileged votes at the Company. On the other hand, nomination privilege is granted for the election of two thirds of the Board of Directors members as per the Company's Articles of Association, which have been drawn up within the frame of the capital market legislation and approved by the CMB. According to the CMB legislation, no privileges including nomination privilege for membership to the Board of Directors can be created after the IPO. Minority shareholders did not nominate any individuals to the Board of Directors during the General Meeting.

There were no cross-shareholding interests with the shareholder companies in the Annual General Meeting held in 2020.

The meetings were simultaneously held physically and electronically, shareholders participated both physically and electronically in the Annual General Meeting held in 2020.

Dividend Right and Dividend Policy

The Company's Articles of Association stipulates that dividends will be distributed within the frame of the rules set out in the Turkish Commercial Code and the Capital Market legislation and they also address distribution of advances on dividends to shareholders.

Being a publicly held company, İS Private Equity aims to generate high dividend yield for its investors as well as expanding its portfolio. Hence, the Company's Board of Directors adopted a dividend policy that observes the following within the frame of applicable legislation:

- The global and national economic conditions should be free of adversities and the delicate balance between shareholders' expectations and the Company's growth should be maintained,
- The private equity investments, which make up the core activity area of our Company, should be exited generating above-the-target yields,
- Dividends making up at least 30% of the distributable profit should be distributed in cash and/or in the form of dematerialized shares, taking into consideration the Company's overall profitability, as well.

Cash dividends are paid out by no later than the end of the second month following the date of the general meeting, in which the dividend distribution decision is adopted. Dividend distribution in the form of dematerialized shares takes place upon obtaining the legal permissions.

Dividends may not be paid to the members of the Board of Directors and to Company employees unless and until the cash dividends as determined for the shareholders by the General Assembly decision are paid out.

Furthermore, as a principle, it has been adopted to pay cash dividends to shareholders to the extent allowed under the Capital Market legislation, the Turkish Commercial Code and other applicable legislation, in view of the Company's overall profitability, provided that above-the-target yields are generated upon exit from the private equity investments that represent the Company's core activity.

Attention is paid to make the payout within the period of time prescribed by the legislation in the event the General Assembly decides to distribute dividends. There are no founders' dividend shares, nor any shares enjoy any privileges with respect to getting share from profit. Dividends are not distributed to Board members and employees.

At the ordinary General Assembly Meeting held in 2020, it was decided not to distribute cash dividend from profit of the period.

Transfer of Shares

As per the Company's Articles of Association, all shares are registered and transfer of registered shares may not be restricted. Share transfer is governed by the provisions of the Turkish Commercial Code and capital market legislation.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

Company Information Policy

As the Company is subject to the Capital Market Law, all post-IPO developments concerning the Company are publicly disclosed within the frame of the CMB Communiqué on Material Event Disclosures and Communiqué on Principles of Private Equity Investment Funds. For public disclosure purposes, the Information Policy is incorporated in the Articles of Association.

Material event disclosures about the Company are submitted to local authorities and also published on the corporate website. Furthermore, information that is not of trade secret nature and press releases are made available on the Company website. The Company made 40 material event disclosures during the reporting period.

The execution of the Information Policy is coordinated by the individuals who perform the "Investor Relations" function.

Company Website

The Company's website is accessible at www.isgirisim.com.tr. Pursuant to the Turkish Commercial Code, the Company's website address has been registered on 25 October 2013 and promulgated in the Turkish Trade Registry Gazette dated 1 November 2013.

The website covers brief information about the Company and/or its subsidiaries and associates, along with related press coverage and announcements. The website also features updated information about how investments are made, the information society services section, shareholder structure, Members of the Board of Directors and CEO, the external audit firm, articles of incorporation, the amendments to the articles of incorporation in chronological order, prospectus, circular and financial statements, annual reports, information about the General Meetings, material event disclosures, dividend policy, information policy and other policies, information on privileged shares, sample proxy form and FAQ. A policy has not been defined for buying back own shares by the Company. In case of tender offer or proxy solicitation, relevant informative forms will be posted on the Company website. Information, which can be accessed from www.kap.gov.tr although they are available on the Company's website, includes periodic financial statements and reports, as well as Board of Directors decisions and special disclosures about the Company's activities that need to be made public. The Turkish and English version of the Company's website was updated in 2015.

Annual Report

The Company's annual reports contain information specified in the Corporate Governance Principles.

SECTION III - STAKEHOLDERS

Keeping Stakeholders Informed

The groups that have a major interest relationship with the Company are

employees, shareholders and the Company's associates. Company employees are informed about their rights and responsibilities in meetings held with the senior management. Moreover, there are internal regulations in place, which set out the employees' rights and responsibilities and are determined by the Board of Directors and the Company's senior management. In the Board meetings of the Company's associates, on the other hand, information is provided on compliance with the contracts made and the decisions adopted by the management of the parent company for the associates. Stakeholders are informed electronically within the frame of the CMB's public disclosure requirements. Since instant contact can be established between the Company and the stakeholders and since no problems are experienced in terms of communication, the Company's acts in violation of the legislation or ethical rules, if any, can be notified to the Corporate Governance Committee and the Audit Committee forthwith. For these reasons, a special communication mechanism has not been created.

Stakeholder Participation in Management

Members of the Board of Directors, who are designated by the General Assembly on behalf of the shareholders, contribute to the senior management regarding the Company's vision and strategies at the Board meetings. Although they do not take place in the management, the Company's associates and their employees are informed about decisions that concern them.

Human Resources Policy

Internal bylaws prepared within the frame of the Company's "Code of Ethics" govern the relationships with the Company employees, internal and external duties, rights, obligations and responsibilities, staffing and recruitment rules. Company employees and senior management additionally discuss rights and obligations in periodic meetings held. An employee representative has not been appointed in view of the number of the Company employees.

INFORMATION ON CORPORATE GOVERNANCE PRACTICES IN 2020

A dedicated unit has not been set up to manage relations with employees due to the small number of personnel as required by the Company's structure and this function is performed by the Finance and Administration Department.

During the reporting period, no complaints have been received from the employees about working conditions, personnel policies and the like.

Code of Ethics and Social Responsibility

The Code of Ethics was drawn up for the Company and employees in 2005. Following its approval by the Board of Directors, it was made public on the corporate website within the frame of the Information Policy.

The Company does not pursue any activities specifically focused on its locality or the public in general. However, due to its core activity, the Company contributes to the economy by investing in companies that are in growth phase and in need of funds. There are no damages caused to the environment, nor are there any lawsuits brought against the Company on such grounds.

SECTION IV - BOARD OF DIRECTORS

Structure and Formation of the Board of Directors

Members of the Company's Board of Directors are elected from among individuals possessing the qualifications required by the Turkish Commercial Code and the Capital Market Law and the Articles of Association contain a provision to this end.

Board members are elected by the General Assembly and they may not directly or indirectly engage in a commercial transaction with the Company, which falls under the scope of the Company, on their own or others' behalf without the prior written approval of the General Assembly pursuant to the Articles of Association.

There are no conflicts of interests since the Board members who serve on other organizations besides the Company do not engage in commercial transactions with the Company. Board members holding positions outside the Company devote

sufficient amount of their times to the Company's activities. Given the fact that there are no conflicts of interest between the Board members and the Company and that Board members dedicate sufficient time for the Company affairs, specific rules concerning the relationship of Board members and the Company have not been documented.

Within the scope of the exception set out in Article 6-1 of the Corporate Governance Communiqué, there are two independent Board of Directors members. The list of nominees for independent members of the Board of Directors were submitted for the approval of the Board of Directors with the decision taken by the Corporate Governance Committee on 10 March 2020. The decision to nominate them was taken by the Board of Directors on 10 March 2020. Two of the four nominated candidates were elected as Independent Board Members in the Annual General Meeting held in 2020. During the reporting period, no occurrences took place that would eradicate the independence of independent members. There are no executive members among the Members of the Board of Directors. Board members have been elected to serve until the next Ordinary General Assembly. Two of the seven Board members are women.

Declaration of Interest by the Independent Board Member

Declaration by our Company's independent Board members for 2020 is presented below.

As I stand for serving as an independent member on the Board of Directors of İş Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi (the Company), I hereby declare:

That neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, collectively or individually held more than 5% of the capital or voting rights or privileged shares in, or established any commercial interest of a significant nature, with the Company, or with any companies in

which the Company has management control or material influence and with any shareholders having management control or material influence over the Company, or with any corporate entity which are controlled by these shareholders,

That within the most recent five years, I have neither been a shareholder controlling 5% or higher share, or an employee in an executive position involving major duties and responsibilities nor a board member in any company from/to which the Company purchases/sells significant amount of services or products under the agreements made during such time when services or products were purchased or sold and particularly in companies involved in the Company's auditing, rating, or consulting,

That I possess the professional training, knowledge and experience necessary to duly fulfill the duties I shall undertake as an independent member of the Board of Directors,

That, if elected, I shall not work on full-time basis at any public institution or organization during my term of office, apart from serving as a faculty member,

That I am a resident of Turkey for the purposes of the Income Tax Law,

That I possess solid ethical standards and professional reputations and experience sufficient to enable me to make a positive contribution to the Company's affairs, to maintain my impartiality in any dispute that may arise between the Company and its shareholders and to come to decisions freely on the basis of all stakeholders' rights,

That I will be able to devote to the Company's affairs an amount of my time sufficient to keep track of the conduct of the Company's activities and to fully satisfy the requirements of the duties I will be undertaking,

That I have not served as a member on the Company's Board of Directors for more than six years within the most recent ten years,

That I am not serving as an independent board member in more than three of the companies in which the Company, or

shareholders having management control over the Company, have management control, or in more than five companies, in the aggregate, traded on the stock exchange,

That I have not been registered and promulgated in the name of a legal entity elected as a member of the Board of Directors.

Members of the Board of Directors and Senior Management

Senar Akkuş (Chairman)

Holding a degree in economics from the Middle East Technical University, Ms. Akkuş joined İşbank an Assistant Specialist in the Treasury Department in 1991. In 1998, she was promoted to Assistant Manager in the same department, where she served as Unit Manager from 2002 to 2006. She functioned as the Head of Economic Research Department (2006-2008) and as the Head of Treasury Department (2008-2011). Ms. Akkuş was appointed as Deputy Chief Executive in 2011, a position she still holds. Ms. Akkuş served as an auditor at Anadolu Hayat Emeklilik A.Ş. (2000-2003), T. Şişe Cam Fabrikaları A.Ş. (2003-2005) and T. Sinai Kalkınma Bankası A.Ş. (2005-2007). She also held a seat on the boards of directors of Anadolu Hayat Emeklilik A.Ş. (2007-2008), İş-Dublin Financial Services Plc (Chairman) (2008-2010), İş Portföy Yönetimi A.Ş. (2009-2010), İş Yatırım Menkul Değerler A.Ş. (2010-2011), İş Portföy Yönetimi A.Ş. (Chairman) (2011-2013), İş Yatırım Menkul Değerler A.Ş. (Chairman) (2018 -) and T. Şişe ve Cam Fabrikaları A.Ş. (2020 -). Ms. Akkuş was elected as a Member of the Board of Directors of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. on 20.11.2013 and still continues to serve as the Chairman of the Board of Directors.

Ahmet Mete Çakmakçı (Representative) Technology Development Foundation of Turkey Deputy Chairman

Having graduated from Middle East Technical University Department of Electrical and Electronics Engineering and taking masters and doctorate degrees at Syracuse University, Mr. Çakmakçı had

worked at this university as a research assistant and lecturer between the years of 1990-1997. Mr. Çakmakçı had worked at Savunma Teknolojileri Mühendislik ve Ticaret A.Ş. between 1999-2003 as engineer and business development manager, worked for Technology Development Foundation of Turkey as Technology Policies and International Relations Coordinator in 2003, appointed to Assistant Secretary General position in 2005; he was appointed to the office of Secretary General and still continues to perform his duties at this position.

Mr. Çakmakçı was elected as Board Member on 28 April 2006 and still continues to perform his duties as Vice Chairman. Mr. Çakmakçı was the Chairman of the Board of Directors at Mobiga Oyun Teknolojileri Sanayi ve Ticaret A.Ş. between 2008 and 2011. He served as Chairman of the Board of Directors at Teknoloji Yatırım A.Ş. between 2006 and 2018. He currently serves as a Board Member at this company. Since 2018, he has been a Board Member of the National Nanotechnology Research Center of Bilkent University (UNAM) and at the National Nanotechnology Research and Application Center in Sabancı University (SUNUM).

Rıza İhsan Kutlusoy (Board Member)

Rıza İhsan Kutlusoy graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Business Administration. Starting his career at Türkiye İş Bankası A.Ş. as an Assistant Internal Auditor in 1988, Mr. Kutlusoy was appointed to Capital Markets Department as Deputy Manager in 1996 and he was promoted to the position of Unit Manager at the same department in 1998 and became Manager in 2002 and he was appointed to Branch of Galata as Manager in 2006. Having took office at Risk Management Directorate as Manager in 2008, Mr. Kutlusoy was promoted to the position of Deputy Chief Executive at Türkiye İş Bankası A.Ş. in 2011. Rıza İhsan Kutlusoy was assigned to İş Yatırım Menkul Değerler A.Ş. as CEO in March 2016. The companies for which he performed duty as Board Member and periods of office are as follows: 2002-2006 İş Yatırım Menkul Değerler A.Ş.

(Deputy Chairman), İş Yatırım Ortaklığı A.Ş. (Chairman) and İş Portföy Yönetimi A.Ş. (Deputy Chairman), 2004-2007 İstanbul Takas ve Saklama Bankası A.Ş. (Member), 2006-2008 Gempport Gemlik Liman Depolama İşletmeleri A.Ş. (Chairman), 2006-2011 Nemtaş Nemrut Liman İşletmeleri A.Ş. (Chairman), 2011-2013 Türkiye Şişe ve Cam Fabrikaları A.Ş. (Member), 2016 - Efes Varlık Yönetimi (Chairman), 2016- İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (Member).

Meral Murathan (Member)

Meral Murathan was born in Erzurum in 1977, and graduated from the Department of Economics at Boğaziçi University. She started her career in TSKB Treasury Department in 1998. After serving in a variety of roles and positions, she worked as the Head of Financial Institutions between 2012-2019. Meral Murathan promoted to Executive Vice President position on 1 April 2019. Currently she is in charge of Financial Institutions, Investor Relations, Development Finance Institutions, Loan Monitoring and Engineering and Technical Advisory Departments.

Volkan Kublay (Member)

Mr. Volkan Kublay graduated from the Department of Economics (English) in the Faculty of Economics and Administrative Sciences at Marmara University. He began his career at İşbank in 2000 as a trainee assistant inspector where he was appointed as Assistant Manager to the Subsidiaries Division in 2008. Having served as Board of Directors auditor at TSKB, Arap Türk Bankası (Arab Turkish Bank), İş Finansal Kiralama A.Ş. and İş Faktoring A.Ş., Mr. Kublay was appointed as Unit Manager in the Subsidiaries Division in 2012. He also holds a member's seat on the boards of directors of İş Yatırım Menkul Değerler A.Ş., İş Yatırım Ortaklığı A.Ş., Yatırım Finansman Menkul Değerler A.Ş., Efes Varlık Yönetim A.Ş. and Arab Turkish Bank.

Prof. Dr. Selim Yazıcı (Independent Board Member)

Mr. Selim Yazıcı graduated from Department of Mechanical Engineering at Yıldız Technical University in 1992.

INFORMATION ON CORPORATE GOVERNANCE PRACTICES IN 2020

He completed his post-graduate degree (1994) and PhD (1999) in the Department of Business Administration at the Faculty of Political Sciences at Istanbul University. He started his career as a production engineer in 1992. He started his academic career in the Department of Business Administration of the Faculty of Political Sciences at Istanbul University during his postgraduate studies. He became an Associate Professor in 2006 and a Professor in 2014. He teaches courses on the topics of business administration, management, organizational behavior, international operatorship, project management, entrepreneurship, digitalization, distance learning and business continuity management in undergraduate and graduate programs. He was a guest lecturer at the Institute of Banking and Insurance at Marmara University. He was a member of the Board of Directors of the Faculty. Between 2012-2020, he served as the Vice President of the Department of Business Administration. Between 2016-2019, he served as the President of the Department of Management and Organization. He is the founding partner of the FinTech Istanbul platform, which was established in 2016 to place our country as a regional hub of Financial Technologies and to develop FinTech initiatives. Mr. Selim Yazıcı currently serves as an Independent Board Member at İş Finansal Kiralama A.Ş.

İhsan Elgin (Independent Board Member)

Mr. İhsan Elgin graduated from the Department of Economics in Dokuz Eylül University in 2000 and completed an Executive MBA program at the Koç University in 2007. He started his career in the Department of human resources at Aygaz in 2000. He then worked as a manager in the departments of marketing and the CRM analytics. In 2007, he founded ClimateMinder, a start-up that develops technology products and services that meet the needs of producers in the agricultural field, and sold it in 2012 in Los Angeles, USA. In 2011, Mr. İhsan Elgin took up duty in the foundation of the Entrepreneurship Factory, which is Turkey's first business acceleration program, with the support

of the Özyeğin University. He served as a director at the university's entrepreneurship center. He has been serving as the founding partners of Core Strateji, a consulting company specializing in innovation management which was founded in 2015, of Startups.watch, an online platform providing investment analysis services for the MENA region start-up ecosystem and which was founded in 2016, and of FinTech İstanbul, a leading organization in the field of financial technologies. He is a board member at İş Private Equity and Finberg Yatırım A.Ş.

A. Murat Özgen (CEO)

After receiving his bachelor's degree in business administration (English) from İstanbul University in 1990, Mr. Özgen got his master's degree from the Mercer University in the US in 1993. He worked in the US from 1993 to 1999, dealing with risk and portfolio management at the Facility Group Inc. and with risk and portfolio management at Commerzbank AG. He functioned as the Division Manager of Project and Investment Finance at Koçbank A.Ş. from 1999 until 2002. Mr. Özgen joined İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. as an Investment Manager in 2002, where he has been serving as the CEO since 2006. He has also held member seat on the boards of directors of companies in which our Company invests, namely Probil, ITD, CineMars, Nevotek, Step Halı, Havaş, Aras Kargo and the İYİ Group.

Murat Özgen is currently the Vice Chairman of TOBB (The Union of Chambers and Commodity Exchanges of Turkey) Venture Capital Council. He is also a member of the Board of Directors at Gullseye Lojistik Teknolojileri A.Ş., Maxis Girişim Sermayesi Portföy Yönetimi A.Ş. and Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.

Operating Principles of the Board of Directors

According to the Company's Articles of Association, the Board of Directors meets as and when necessitated by the Company's affairs, upon invitation by the Chairman or Deputy Chairman. Any Board member may present a written memo

to the Chairman or Deputy Chairman, requesting a meeting of the Board of Directors. If the Chairman or Deputy Chairman does not convene the Board, members shall be entitled to call for a meeting ex officio. At Board meetings, each member has one vote. Votes are cast personally. Unless a member requests a meeting, a decision can be passed regarding a proposal brought by one member provided that written consent is obtained from other members, which must constitute at least the majority of the full membership. In such a case, the same proposal must be made to all members in order for the decision to be valid. The agenda of the Board meeting is determined by the Chairman of the Board. The agenda may be revised by a decision of the Board of Directors. The meeting place is the Company's head office. However, the Board of Directors may convene elsewhere provided that a decision is passed to that effect. Those who are entitled to attend the meeting may do so electronically. The meeting quorum for the Board of Directors is the majority of the full membership and decisions are passed by the affirmative votes of the majority of those who are present in the meeting. If votes are tied, that topic is postponed to the next meeting. If the votes are tied also in that second meeting, the relevant proposal is deemed rejected. In the Board of Directors, votes are cast as affirmative or negative. Those who cast negative votes shall write the grounds for the dissenting vote and sign under the decision.

The agenda of Board meetings are determined by the Chairman of the Board and notified by the Company to the members. The Finance and Administration Department is responsible for keeping the Board members informed and for establishing the communication with them.

During the reporting period, 34 decisions were passed regarding the Company investments, finances, determination of the Company's fields of activities, approval of business and finance plans, convening the General Assembly for ordinary/extraordinary meeting, election of the chairman and deputy chairman of the Board of Directors, formation of

committees, making new investments and the personnel. These decisions were passed unanimously by the participating members, including independent members. There were no related party transactions that were laid down for the approval of the independent Board members during the reporting period.

Insurance coverage was obtained for losses that the Company may sustain by reason of the faults Board members may commit in the performance of their duties and the transaction was announced on KAP.

Number, Structures and Independence of Board of Directors Committees

Three committees have been set up at the Company within the frame of Corporate Governance Principles. Board members serving on these committees do not have executive functions.

The Audit Committee is formed of Selim Yazıcı (Head) and İhsan Elgin, who are independent Board members. The Committee meets at least four times a year to examine financial statements and to designate the external audit firm.

The Corporate Governance Committee fulfills the functions of the Nomination Committee and the Remuneration Committee under the Corporate Governance Principles. The Committee holds at least four meetings every year and presents the issues identified, if any and its recommendations for the information of the Board of Directors. Committee members are Selim Yazıcı (Head & Independent Member), Volkan Kublay and Burcu Perişanoğlu.

The Early Detection of Risk Committee is headed by independent Board member İhsan Elgin and has Volkan Kublay as member. The Committee meets at least four times a year and reviews the risks, presenting its determinations, if any and suggestions to the Board of Directors. The Committee reviews the risk management systems at least on an annual basis.

There are two independent members on the Board of Directors; since the Corporate Governance Principles require that the Audit Committee must be formed of independent members in its entirety and

other committees must be headed by an independent member, members serve on both committees. It has been deemed appropriate for the non-independent member to serve on both committees due to his area of responsibility and experiences in relation to his external post.

Besides the committees set up as per the legislation governing the Company, there is an investment committee which was established pursuant to the Company's field of activity and which is formed of one Board member, the CEO and two individuals who have expertise in their respective fields and who are not members of the Company's Board of Directors. This Committee meets as and when deemed necessary to discuss the fitness for investment of companies, which the Company's senior management proposed to be invested in. The Board member serving on this Committee does not have an executive function.

Risk Management and Internal Control Mechanism

In view of the Company's personnel size, separate risk management and internal control units have not been set up; however, job descriptions, authorizations and limits, interdepartmental separation of tasks have been put into writing in order to minimize financial and operational risks. The Company's risk exposure is discussed periodically at the Board of Directors meetings, within the frame of the Company's risk policies and in line with the reports prepared by the Company's senior management. Furthermore, the Audit Committee and the Early Detection of Risk Committee have been set up at the Company, on which two Board members serve in accordance with the CMB legislation.

Strategic Goals of the Company

The Company's mission is spelled out within the frame of the "Business Plan" that has been drawn up right after its incorporation and approved by the Board of Directors. İŞ Private Equity's mission is to provide SMEs that operate in high-growth sectors and have a competitive advantage with capital and management know-how in order to support them

during the execution of their projects that will create value for the Turkish economy.

Within the context of this mission, İŞ Private Equity engages the collective funds at its disposal and allows entrepreneurs to make optimum use of this know-how and experience.

In addition, İŞ Private Equity aims to generate higher yields for its shareholders than other investment alternatives on the back of efficient portfolio management and exemplary corporate structure.

The Company's mission is posted and publicly disclosed on the corporate website.

Whether the Company has attained its goals is discussed in the Board meetings. The Board of Directors meets at the frequency necessitated by the Company's affairs and addresses the reports Company directors prepare in relation to the Company's performance.

Financial Rights

The Company's Remuneration Policy has been made public on KAP and the corporate website and information on it has been provided to our shareholders at the Annual General Meeting held on 7 May 2012.

The Board members receive no payments other than an attendance fee. Board members are paid an attendance fee in the amount set each year by the General Assembly. Company employees are compensated in accordance with the Remuneration Policy and the Company's internal guidelines.

Pursuant to Article 6 of the Articles of Association, the Company may not extend loans, credit or guarantee to Board members or directors.

Salaries and benefits provided to the Board members and the Company's senior executives amounted to TL 4,989,351 gross.

RISK MANAGEMENT AND INTERNAL CONTROL

The risks that our Company may be exposed to during the course of its operations are identified as follows.

Market risk

Market risk is the risk of depreciation of the Company's trading portfolio as a result of the potential changes in interest rates, exchange rates, share certificates, commodity and options prices, which make up the factors of this risk type.

Liquidity risk

Liquidity risk refers to the risk of loss that the Company may sustain due to unavailability of cash holdings or cash inflow in the quantity and quality to fully and timely cover its cash outflow.

Capital investment risk

Capital investment risk is the risk of loss in the value of the Company's capital investments or in its dividend income due to general market conditions and/or the administrative problems or issues pertaining to the financial structures of companies into which capital investment is made.

Credit risk

Credit risk is the risk of loss arising from the counterparty's failure to partially or totally or timely perform its contractual obligations.

Operational risk

Operational risk is the risk of loss that may arise from the Company's inadequate or inoperable business processes, human resource, systems or external factors.

Reputational risk

Reputational risk refers to loss of confidence in the Company or loss of Company's reputation as a result of failure to comply with existing legal regulations or from negative opinions about the Company that damage confidence, arising from current or potential investors, shareholders, competitors and supervisory authorities.

Risk Assessment

The most important factor that will affect the Company and its associates is economic uncertainty. In an environment of uncertainty, İş Private Equity's cash portfolio is potentially exposed to market risks, liquidity risk and credit risk with respect to the marketable securities carried in its portfolio. In order to eliminate such risks, our Company pays attention to investing in highly liquid instruments of issuers with a high credit rating and to diversify its portfolio in terms of various criteria such as maturity, currency, fixed income and variable income and to match maturity/quantity in line with the Company's needs. Furthermore, our Company operates under the capital market legislation. The relevant communiqué of the CMB imposes certain restrictions upon investments into entrepreneur companies and investments into money and capital market instruments. The cash portfolio is invested within the frame of the requirements introduced by the CMB communiqués and resolutions and subject to the limitations determined by internal decisions.

İş Private Equity finances its investments through its shareholders' equity. The receivables and payables of İş Private Equity are in trivial amounts and do not pose a risk for the Company.

In the case of investments into entrepreneur companies, negative impact to be sustained by these companies due to the uncertainty environment might also reflect negatively on İş Private Equity and lead to a capital investment risk. If our associates, who are impacted by the negative economic developments, suffer from loss of value, then İş Private Equity might suffer from decreased revenues. Furthermore, volatilities that may occur in the financial markets at the time of the disposal of the entrepreneur company might result in a deferral or the formation of price that is lower than projected. Apart from macroeconomic risks, negative developments that may take place in the sec-

tors that will be invested in might pose risks for İş Private Equity and its associate. Our Company pays attention to selecting the companies it invests in the private equity area from sectors having a growth potential and from among companies that have a competitive edge in these sectors. In order to minimize the risks in view of the negative developments that may take place in the sectors, the Company takes care not to concentrate in any sector and to invest in different fields. While the invested companies are extended support in terms of management, various risks and primarily financial risks that these companies are exposed to are examined, with the target of setting up the structures that will minimize these risks.

Operational risk level is low at our Company.

Risk Management and Internal Control Mechanism

In view of the Company's personnel size, separate risk management and internal control units have not been set up; however, job descriptions, authorizations and limits, interdepartmental separation of tasks have been put into writing in order to minimize financial and operational risks. The Company's risk exposure is discussed periodically at the Board of Directors meetings, within the frame of the Company's risk policies and in line with the reports prepared by the Company's senior management. Furthermore, the Audit Committee and the Early Detection of Risk Committee have been set up at the Company, on which two Board members serve in accordance with the CMB legislation. In its assessments during the year, the Early Detection of Risk Committee observed that the risks mentioned above are being tracked by the relevant individuals.

Our Company also receives audit service for its information systems from the external audit firm.

LEGAL DISCLOSURES

Related Party Transactions

Transactions carried out with İşbank, the Company's ultimate shareholder, Group companies and other related parties fall under the Company's scope.

Income/expense bearing transactions with related parties are presented below:

As a result of the transactions carried out with related parties during 2020; TL 2,837,463 was derived on interest income on deposits. The Company paid TL 90,479 for insurance costs, TL 193,143 for office overhead expenses, TL 73,252 for transaction and commission and advisory expenses, 167,262 for service charges and TL 46,802 for other expenses, while TL 1,780,476 was generated on dividend income. TL 503,336 and TL 8,610 were paid to the related company as office rent and general assembly venue rent, respectively.

Relations with the Group of Companies

The "Conclusions" section of the "Affiliated Company Report" drawn up pursuant to Article 199 of the Turkish Commercial Code is quoted below:

"Commercial transactions realized with the controlling shareholder and its affiliates during 2020, which are detailed in the report, entail no legal transactions in favor of the controlling company or its affiliate that fall under Article 199 of the TCC, which have been carried out -to the best of our knowledge- with guidance from the controlling company. The Company did not sustain any loss in 2020 fiscal year on account of any transactions within the group based on the conditions and circumstances known to us."

Financial Rights Provided to the Members of the Board of Directors and Senior Management

Attendance fees, salaries, premiums, bonuses and some other benefits provided in 2019 amounted to TL 4,989,351 gross.

Grants and Charitable Donations

The Company did not provide any donations or grants during 2020, and information on this will be provided in the 2020 Annual General Meeting.

Changes to the Articles of Association during the Reporting Period

In accordance with decision number 552 of the Board of Directors of our Company and dated 26 December 2019,

The decision was taken for the existing registered capital of our company, amounting to TL 250,000,000, which is in the registered capital system in accordance with the provisions of Capital Market Legislation, to remain at TL 250,000,000 between 2020 and 2024,

The decision was taken for the 8th item of the Company's Articles of Association to be amended as attached, and to apply to the Capital Markets Board and the Ministry of Commerce to obtain all necessary permits,

The decision was taken to authorize the General Directorate to effect the changes that can be requested by the Capital Markets Board and the Ministry of Commerce in the Draft Amendment and to carry out all other transactions.

The relevant Articles of Association Amendment was approved at the 2019 Ordinary General Assembly Meeting held on March 17, 2020, following the approval of the Capital Markets Board and the Ministry of Commerce.

Lawsuits brought against the Company with a Possible Impact upon the Company's Financial Status and Activities and Their Potential Implications

During the reporting period, as a part of its ordinary activities, the Company has been involved in two lawsuits as the defendant side. In the current period, the plaintiff waived these lawsuits.

Administrative or Judicial Sanctions against the Company and Members of the Governing Body on Account of Infringement of Legislation

There are no administrative and/or judicial sanctions imposed against the Company and/or members of the governing body.

Other

No shareholder is having management control, nor any member of the Company's Board of Directors or of its senior management, nor any of their spouses or relatives by blood or by marriage unto the second degree engaged in any transaction and/or competition with the Company or its affiliates that was of a nature to lead to any conflict of interests.

ORDINARY GENERAL ASSEMBLY MEETING AGENDA

17 March 2021 Wednesday, 14:00 hours İş Kuleleri Oditoryum Binası Levent / İstanbul

Ordinary General Assembly Meeting Agenda

1. Opening; election of the Chairing Council,
2. Authorization of the Chairing Council for signing the minutes of the General Assembly meeting,
3. Reading and discussion of the Annual Reports of the Board of Directors and Independent Auditor's Report,
4. Reading, discussion and approval of the financial statements of the Company,
5. Discharge of the Board Members for their activities in 2020,
6. Discussing and deciding about the Board of Directors' proposal for the distribution of 2020 profits,
7. Election of the Board Members and determining the terms of their service,
8. Determining the remuneration of the Board Members,
9. Election of the Independent Audit Firm,
10. Authorization of the Board Members for carrying out the transactions provided under the Articles 395 and 396 of the Turkish Commercial Code,
11. Giving information to the General Assembly within the scope of the Principle no. 1.3.6. of the Corporate Governance Principles.
12. Submitting information on the donations made within the year,
13. Determination of the upper limit for donations to be made within the year 2021.

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

2020 PROFIT DISTRIBUTION TABLE (TL)

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş. 2020 PROFIT DISTRIBUTION TABLE (TL)

1.	Paid-in / Issued Capital		74,652,480.00
2.	General Legal Reserves (according to Legal Records)		21,620,416.00
	If there are privileges for distribution of profits according to the articles of association, information on such privileges		None
		Based on CMB	Based on Legal Records
3.	Profit for the Period	2,050,307.00	6,059,057.78
4.	Taxes Payable	0.00	0.00
5.	Net Profit for the Period	2,050,307.00	6,059,057.78
6.	Losses in Prior Years (-)	0.00	0.00
7.	General Legal Reserves (-)	0.00	0.00
8.	Net Distributable Profit for the Period	2,050,307.00	6,059,057.78
9.	Donations during the Year (+)	99,997.20	99,997.20
10.	Net Distributable Profit for the Period Including Donations	2,150,304.20	6,159,054.98
11.	First Dividend to Shareholders		
	- Cash	0.00	0.00
	- Bonus Shares	0.00	0.00
	- Total	0.00	0.00
12.	Dividends Distributed to Owners of Privileged Shares	0.00	0.00
13.	Other Distributed Dividends	0.00	0.00
	- To Board Members	0.00	0.00
	- To Employees	0.00	0.00
	- To People Other than Shareholders	0.00	0.00
14.	Dividends Distributed to Owners of Redeemed Shares	0.00	0.00
15.	Second Dividend to Shareholders	0.00	0.00
16.	General Legal Reserves	0.00	0.00
17.	Statutory Reserves	0.00	0.00
18.	Special Reserves	0.00	0.00
19.	Extraordinary Reserves	2,050,307.00	6,059,057.78
20.	Other Resources to be Distributed	0.00	0.00

İŞ GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2020 WITH INDEPENDENT AUDITORS' REPORT THEREON

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

INDEPENDENT AUDITOR'S REPORT



Güney Bağımsız Denetim ve
SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27 Maslak
Kat: 2-3-4 Sarıyer 34398
İstanbul - Turkey

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No: 479920
Mersis No: 0-4350-3032-6000017

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, 2020, 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, 2020 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.

INDEPENDENT AUDITOR'S REPORT

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.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<i>Presentation of subsidiaries and associates in the financial statements and significant information disclosed</i>	
As of December 31, 2020, fair value amount of the financial assets disclosed in the financial statements has been valued at TL 197,208,181 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>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.</p> <p>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.

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.

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.

INDEPENDENT AUDITOR'S REPORT

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 29, 2021.
- 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 2020 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 Yaşar Bivas.

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



Yaşar Bivas, SMMM
Partner

January 29, 2021
Istanbul, Turkey

CONTENTS

	PAGE
STATEMENT OF FINANCIAL POSITION	72
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	75
STATEMENT OF CHANGES IN EQUITY	76
STATEMENT OF CASH FLOWS	78
NOTES TO THE FINANCIAL STATEMENTS	79-118
NOTE 1 ORGANIZATION OF THE COMPANY AND NATURE OF OPERATIONS	79
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	79
NOTE 3 SEGMENT REPORTING	89
NOTE 4 RELATED PARTIES	89
NOTE 5 CASH AND CASH EQUIVALENTS	92
NOTE 6 FINANCIAL INVESTMENTS	93
NOTE 7 TRADE PAYABLES	95
NOTE 8 OTHER RECEIVABLES AND PAYABLES	95
NOTE 9 TANGIBLE ASSETS	96
NOTE 10 INTANGIBLE ASSETS	98
NOTE 11 RIGHT TO USE ASSETS AND RENTAL OBLIGATIONS	99
NOTE 12 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	100
NOTE 13 EMPLOYEE BENEFITS	100
NOTE 14 PREPAID EXPENSES	102
NOTE 15 OTHER ASSETS AND LIABILITIES	102
NOTE 16 EMPLOYEE BENEFITS PAYABLE	102
NOTE 17 CAPITAL AND RESERVES	103
NOTE 18 REVENUE AND COST OF SALES	104
NOTE 19 ADMINISTRATIVE EXPENSES	105
NOTE 20 OTHER OPERATING INCOME AND EXPENSES	106
NOTE 21 INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)	106
NOTE 22 EARNINGS PER SHARE	106
NOTE 23 EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	107
NOTE 24 REPORTING IN HYPERINFLATIONARY ECONOMIES	107
NOTE 25 NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS	107
NOTE 26 FINANCIAL INSTRUMENTS (FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES)	116
NOTE 27 OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER MATTERS REQUIRED TO BE EXPLAINED FOR CLEAR UNDERSTANDING OF THE FINANCIAL STATEMENTS	118
NOTE 28 EVENTS AFTER THE REPORTING PERIOD	119
NOTE ADDITIONAL NOTE: CONTROL OF COMPLIANCE WITH RESTRICTIONS ON THE INVESTMENT PORTFOLIO BORROWINGS AND TOTAL EXPENSE	119

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

	Notes	(Audited) December 31, 2020	(Audited) December 31, 2019
ASSETS			
Current Assets			
Cash and cash equivalents	5	47.577.063	44.963.534
Financial investments	6	18.109.746	25.937.130
Other receivables	8	1.909.525	-
- Other receivables from non-related parties		1.909.525	-
Prepaid expenses	14	545.717	396.628
Other current assets	15	1.079.051	1.224.906
TOTAL CURRENT ASSETS		69.221.102	72.522.198
Non-current Assets			
Other receivables	8	150	150
- Other receivables from related parties	4	150	150
Financial investments	6	197.208.181	191.564.080
Property, plant and equipment	9	90.257	93.728
Right-of-use asset	11	1.321.332	1.620.862
Intangible assets	10	-	-
TOTAL NON-CURRENT ASSETS		198.619.920	193.278.820
TOTAL ASSETS		267.841.022	265.801.018

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (continued)

(Amounts are expressed in Turkish Lira ("TL"))

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

	Notes	Audited December 31, 2020	Audited December 31, 2019
LIABILITIES			
Current Liabilities			
Borrowings		462.037	389.706
- Lease Payables to Related Parties		330.876	281.399
- Lease Payables to Unrelated Parties		131.161	108.307
Trade payables	7	4.201	5.272
- Due to related parties	4	4.201	5.272
Other payables	8	-	770
Liabilities related to employee benefits	16	57.768	50.596
Short-term provisions		1.253.256	1.302.076
- Short-term provisions for employee benefits	13	1.253.256	1.302.076
Other short-term provisions	15	813.091	566.285
TOTAL CURRENT LIABILITIES		2.590.353	2.314.705
Non-current Liabilities			
Borrowings		1.028.166	1.330.708
- Lease Payables to Related Parties		948.126	1.271.766
- Lease Payables to Unrelated Parties		80.040	58.942
Long-term provisions		408.623	382.040
- Long-term provisions for employee benefits	13	408.623	382.040
TOTAL NON-CURRENT LIABILITIES		1.436.789	1.712.748
TOTAL LIABILITIES		4.027.142	4.027.453

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (continued)

(Amounts are expressed in Turkish Lira ("TL"))

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

	Notes	(Audited) December 31, 2020	(Audited) December 31, 2019
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		(158.944)	(148.952)
- Actuarial loss/gain funds		(158.944)	(148.952)
Share premium	17	7.000.000	7.000.000
Restricted reserves	17	21.620.416	21.173.530
Retained earnings	17	137.043.221	135.754.009
Net income for the period		2.050.307	1.736.098
TOTAL EQUITY		263.813.880	261.773.565
TOTAL LIABILITIES		267.841.022	265.801.018

STATEMENTS OF PROFIT OF LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS BETWEEN JANUARY 1-December 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

	Notes	Audited January 1- December 31, 2020	Audited January 1- December 31, 2019
CONTINUING OPERATIONS			
Revenue	18	36.179.737	10.893.833
Cost of Sales (-)		(24.025.000)	(-)
GROSS PROFIT		12.154.737	10.893.833
General Administrative Expenses (-)	19	(10.048.471)	(9.321.431)
Other Operating Income	20	127.348	233.414
Other Operating Expense (-)	20	(183.307)	(69.718)
OPERATING PROFIT/(LOSS)		2.050.307	1.736.098
PROFIT/(LOSS) BEFORE TAX		2.050.307	1.736.098
Tax (Expense)/Income		-	-
NET PROFIT/(LOSS)/INCOME FOR THE PERIOD		2.050.307	1.736.098
OTHER COMPREHENSIVE INCOME			
Amounts that not be reclassified to profit or loss		(9.992)	(72.085)
Defined benefit pension plan			
Actuarial gain/(loss)	13	(9.992)	72.085
OTHER COMPREHENSIVE INCOME		(9.992)	72.085
TOTAL COMPREHENSIVE INCOME		2.040.315	1.808.183
(Loss)/income per (1,000 shares)	22	0,02747	0,02326

STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS BETWEEN JANUARY 1- December 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

Notes	Share capital	Adjustment share capital	Other Comprehensive Income not to be Reclassified Profit and Loss	Actuarial gain/(loss)
January 1, 2020	74.652.480	21.606.400		(148.952)
Transfers	-	-		-
Total comprehensive income	-	-		(9.992)
December 31, 2020	74.652.480	21.606.400		(158.944)

Notes	Share capital	Adjustment share capital	Other Comprehensive Income not to be Reclassified Profit and Loss	Actuarial gain/(loss)
January 1, 2019	74.652.480	21.606.400		(221.037)
Transfers	-	-		-
Total comprehensive income	-	-		72.085
December 31, 2019	74.652.480	21.606.400		(148.952)

		Retained Earnings		Net income for the period	Total equity
	Share premiums	Restricted reserves	Retained earning		
	7.000.000	21.173.530	135.754.009	1.736.098	261.773.565
	-	446.886	1.289.212	(1.736.098)	-
	-	-	-	2.050.307	2.040.315
	7.000.000	21.620.416	137.043.221	2.050.307	263.813.880

		Retained Earnings		Net income for the period	Notes
	Share premiums	Restricted reserves	Retained earning		
	7.000.000	21.001.426	132.852.411	3.073.702	259.965.382
	-	172.104	2.901.598	(3.073.702)	-
	-	-	-	1.736.098	1.808.183
	7.000.000	21.173.530	135.754.009	1.736.098	261.773.565

STATEMENT OF CASH FLOW

FOR THE PERIODS BETWEEN JANUARY 1- December 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

	Notes	(Audited) January 1- December 31, 2020	(Audited) January 1- December 31, 2019
A. Cash flow from operating activities			
Net loss for the period		2.050.307	1.736.098
Adjustments to reconcile net income			
Adjustments for depreciation and amortization expenses	9,10,111	600.746	407.439
Adjustment for provision for employment termination benefits	13	711.576	861.198
Adjustments for other provisions		322.061	(43.743)
Adjustments for interest income	18	(3.444.225)	(7.831.344)
Adjustments for interest expense		327.383	356.576
Fair value of financial receivables	18	(3.245.088)	(8.081.833)
Adjustments for the fair value gains of financial instruments	18, 26	3.830.899	7.466.833
Adjustment for gain on sale of property, plant and equipment	20	(508)	(4.560)
Other adjustments related to profit/loss reconciliation		(126.017)	
Changes in working capital		9.187.222	9.908.379
Adjustment for increase/(decrease) in financial investments		11.072.473	10.545.478
Adjustment for increase/(decrease) in other receivables		(1.909.525)	-
Adjustment for increase/(decrease) in prepaid expenses		(149.089)	(15.679)
Adjustment for increase/(decrease) in other payables to related parties		(1.071)	(83.951)
Adjustment for increase/(decrease) in employee benefits		7.172	1.104
Adjustment for increase/(decrease) in other payables to third parties		(770)	(280)
Adjustment for increase/(decrease) in other assets		145.855	(549.054)
Adjustment for increase/(decrease) in other liabilities		22.177	10.761
Cash flows provided by operating activities		10.214.356	4.775.043
Interest received		3.207.105	7.761.129
Payments for the provisions of employee benefits	13	(743.805)	(627.159)
Other cash inflows (outflows)	11	(699.712)	(636.527)
Net cash from investing activities		11.977.944	4.399.011
B. CASH FLOWS FROM INVESTING ACTIVITIES		(9.504.103)	(57.358)
Proceeds from disposal of tangible assets		508	4560
Acquisition of tangible assets	9	(29.611)	(61.918)
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)	(6.873.475)
Net cash from investing activities		(9.504.103)	(6.930.833)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	-
Net cash used in financing activities		-	-
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION DIFFERENCES (A+B+C)		2.473.841	4.341.653
D. EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH			
NET INCREASE/(DECREASE) IN CASH EQUIVALENTS (A+B+C+D)		2.473.841	4.341.653
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		44.724.740	40.383.087
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	47.198.581	44.724.740

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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 İstanbul 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, 2020, the Company has 10 employees (December 31, 2019: 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, 2020 were approved by the Board of Directors and authorization for issue is given for publishing on January 29, 2021. 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, 2020 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.

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, 2020 and December 31, 2019 are as follows:

	December 31, 2020	December 31, 2019
US Dollar	7,3405	5,9402
Euro	9,0079	6,6506

e) Consolidation Exemptions

According to TFRS 10 Consolidated Financial Statements, investment entity:

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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 2020. 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, 2020

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.

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

The estimated useful lives for the current and comparative periods:

	Useful life
Furniture and fixtures	3-10 years
Leasehold improvements	5 years

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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, 2020. (December 31, 2019: 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 three 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.

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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 explained that matters mentioned events do not require restating the financial statements in disclose the related notes.

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).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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.

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, 2020. Further, the estimates and judgments that had been used will be reviewed in the future.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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

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:

Name of subsidiary and associate	Discount rates	Ongoing growth rates
Toksöz Spor Malzemeleri Ticaret A.Ş. ("Toksöz")	22,6%	9,6%
Mikla Yiyecek ve İçecek A.Ş. ("Mikla")	25,4%	9,6%
Radore Veri Hizmetleri Anonim Şirketi ("Radore")	21,1%	9,6%
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş. ("Ortopro")	15,1%	1,9%
Tatilbudur Seyahat Acenteliği ve Turizm A.Ş. ("Tatil Budur")	26,5%	9,6%

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, 2020 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, 2019.

2.7 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as at December 31, 2020 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, 2020. 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 2020 are as follows:

Definition of a Business (Amendments to TFRS 3)

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations standards. The amendments are intended to assist entities to remove the assessment regarding the definition of business.

The amendments:

- clarify the minimum requirements for a business;
- remove the assessment of whether market participants are capable of replacing any missing elements;
- add guidance to help entities assess whether an acquired process is substantive;
- narrow the definitions of a business and of outputs; and
- introduce an optional fair value concentration test.

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively.

The amendments did not have a significant impact on the financial position or performance of the Company.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

Amendments to TFRS 9, TAS 39 and TFRS 7- Interest Rate Benchmark Reform

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7.

The amendments did not have a significant impact on the financial position or performance of the Company.

Definition of Material (Amendments to TAS 1 and TAS 8)

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted

The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to TFRS 16 - Covid-19 Rent Related Concessions

In June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted.

The amendments did not have a significant impact on the financial position or performance of the Company.

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

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

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

[The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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.

Amendments to TFRS 3 - Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (March 2018).

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

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

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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.

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

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.

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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.

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, 2020	December 31, 2019
Wage and other benefits	4.989.351	4.199.948
	4.989.351	4.199.948

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, 2020	December 31, 2019
Investment funds		
İş Portföy Hedef Hedge Fund	10.859.800	10.082.100
İş Portföy Second Stock Fund	3.771.024	2.959.210
İş Portföy İş Bank Subsidiary Index Share Fund	3.478.922	2.303.579
	18.109.746	15.344.889

Financial investments	December 31, 2020	December 31, 2019
Shares quoted to stock Exchange		
İş Yatırım Ortaklığı A.Ş.	-	9.551.240
	-	9.551.240

Cash and cash equivalents	December 31, 2020	December 31, 2019
Türkiye İş Bankası A.Ş. time deposit	20.722.424	28.850.573
Türkiye İş Bankası A.Ş. demand deposit	147.203	6.576
İş Portföy Money Market Fund	2.642.353	8.235.271
	23.511.980	37.092.420

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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, 2019			
	Receivables Current		Payables Current	
	Trade	Other	Trade	Other
Anadolu Anonim Türk Sigorta Şirketi	-	-	(3.575)	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	(882)	-
Numnum Yiyecek ve İçecek A.Ş.	-	-	(697)	-
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	-	(118)	-
	-	-	(5.272)	-
Balances with related parties	December 31, 2020			
	Receivables Non-current		Payables Non-current	
	Trade	Other	Trade	Other
Other	-	150	-	-
	-	150	-	-
Balances with related parties	December 31, 2019			
	Receivables Non-current		Payables Non-current	
	Trade	Other	Trade	Other
Other	-	150	-	-
	-	150	-	-

As of 31 December 2020, the Company has a lease liability amounting to TL 1,279,002 TL (31 December 2019: 1,553,165), which is accounted in the financial statements within the scope of TFRS 16 - Leasing Transactions standard.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

Transactions with related parties	January 1 - December 31, 2020						
	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 1,126,687 as of 31.12.2020. In this context, TL 280,088 interest expense and TL 375,562 depreciation expense were recorded (31.12.2019: TL 336,390 interest expense, TL 356,787 depreciation expense). In addition to this, a lease payment of TL 503,336 was made to İş Gayrimenkul Yatırım Ortaklığı A.Ş. (31.12.2019: TL 567,161).

	January 1 - December 31, 2019					
	Interest received	Service expenses	Insurance expenses	Transaction and advisory commission expenses	Dividend income	Other expenses
Transactions with related parties						
Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş.	-	-	-	-	-	(31.544)
Numnum Yiyecek ve İçecek A.Ş.	-	-	-	-	-	(14.341)
Türkiye İş Bankası A.Ş.	7.831.344	(7.891)	-	(4.498)	-	-
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	-	-	-	-	-
İş Yatırım Menkul Değerler A.Ş.	-	-	-	(103.568)	-	-
İş Merkezleri Yönetim ve İşletim A.Ş.	-	-	-	-	-	(181.291)
Anadolu Anonim Türk Sigorta Şirketi	-	-	(81.277)	-	-	-
İş Net Elektronik Bilgi Üretim Dağıtım Ticaret ve İletişim Hizmetleri A.Ş.	-	(143.347)	-	-	-	-
İş Yatırım Ortaklığı A.Ş.	-	-	-	-	970.697	-
	7.831.344	(151.238)	(81.277)	(108.066)	970.697	(227.176))

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

5. CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents as at December 31, 2020 and December 31, 2019 are as follows:

	December 31, 2020	December 31, 2019
Cash on hand	956	276
Cash at banks	41.118.569	28.858.978
<i>Demand deposits</i>	150.977	8.405
<i>Time deposits with maturities less than 3 months</i>	40.967.592	28.850.573
B type liquid fund	2.642.353	8.235.271
Receivables from Takasbank money market transactions	3.916.936	7.873.328
Expected loss provision	(101.751)	(4.319)
	47.577.063	44.963.534

^(*) As at 31 December 2020, the Company has no restricted deposits (December 31, 2019: None).^(**) The company, as of December 31, 2020, within the scope of IFRS 9 Financial Instruments standard, amounting to a total of TL 101,751 for bank deposits has been recorded in the financial statements by calculating the expected loss provisions. (December 31, 2019: TL 4,319)

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

	December 31, 2020	December 31, 2019
Cash and cash equivalents	47.577.063	44.963.534
Less: Accrued interest	(480.233)	(243.113)
Expected loss provision	101.751	4.319
	47.198.581	44.724.740

As at 31 December 2020 and December 31, 2019 interest and maturity details of the bank deposits are as follows:

December 31, 2020				
	Interest rate %	Maturity	Currency	Amount TL
TL time deposit	18,75	1 February 2021	TL	20.245.168
TL time deposit	16,75	5 January 2021	TL	20.722.424
				40.967.592
December 31, 2019				
	Interest rate %	Maturity	Currency	Amount TL
TL time deposit	10,50	February 3, 2020	TL	28.850.573
				28.850.573

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, 2020, the gross interest rate on the Takasbank money market transaction is 18,05% (December 31, 2019: 10,80%).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

6. FINANCIAL INVESTMENTS

6.1 Current financial investments

	December 31, 2020	December 31, 2019
Financial assets designated at fair value through profit or loss	18.109.746	25.937.130
	18.109.746	25.937.130
	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.

	December 31, 2019	
	Nominal (*)	Fair value
Private sector bonds	1.000.000	1.041.000
Investment funds	350.078.146	15.344.890
Shares quoted to stock exchange	5.190.891	9.551.240
		25.937.130

(*) 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 December 31, 2020, there are no government bonds, private sector bonds and bills held for trading. (31 December 2019 19,13% annual.).

6.2 Non-current financial investments

As of December 31, 2020 and December 31, 2019 details of investments held-to-maturity are as follows:

	December 31, 2020	December 31, 2019
Financial assets designated at fair value through profit or loss	197.208.181	191.564.080
	197.208.181	191.564.080

Financial assets designated at fair value through profit or loss

As of December 31, 2020 and December 31, 2019, the fair value detail of the Company's subsidiaries and associates (venture capital investments) is as follows:

	December 31, 2020	December 31, 2019
Subsidiaries and associates name		
Toksöz Spor	71.137.941	49.363.104
Ortopro	52.628.389	41.912.576
Mikla (Numnum)	16.046.506	37.868.664
Radore	26.515.977	21.694.243
Nevotek	11.385.778	15.826.953
Tatil Budur	19.493.590	24.898.540
	197.208.181	191.564.080

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

As of 31 December 2020 and 31 December 2019, details of the Company's subsidiaries and associates (venture capital investments) are as follows:

Subsidiaries and associates	Acquisition date	Place of establishment and operation	Share (%)		Voting power
			December 31, 2020	December 31, 2019	
Nevotek	30.09.2003	Türkiye	95,37	95,37	95,37
Ortopro ***	10.12.2007	Türkiye	97,22	90,63	97,22
Toksöz Spor**	13.11.2012	Türkiye	90,63	88,27	90,63
Mikla (Numnum)*	05.12.2012	Türkiye	83,57	83,57	83,57
Radore	01.12.2014	Türkiye	25,50	25,50	25,50
Tatil Budur ****	06.11.2015	Türkiye	40,00	20,00	40,00

(*) A Share Transfer Agreement had been signed between both parties on December 20, 2019 which entails; transfer of Numnum Yiyecek ve İçecek A.Ş.'s assets, the subsidiary of the Company, to 3 newly established companies by way of full spin off and sale of the entire shares held by the Company in the new company to be established in order to run the operations of Numnum branded restaurants (the "Numnum Restoran İşletmeciliği Ticaret A.Ş.") at a value of TL 9,000,000, subject to certain share value adjustment mechanisms, to Büyük Şefler Gıda Turizm Tekstil Danışmanlık Organizasyon Eğitim San. Tic. A.Ş.'ye ("BigChefs") following such spin off procedures and the entire shares held by the Company in the company to be newly established in order to run the Kronotrop coffee operations ("Kronotrop Yiyecek ve İçecek A.Ş.") to Menderes Utku, at a value of TL 14,725,000 following these spin off procedures. In this context, on 7 February 2020, the spin off procedures were completed and as a result of the mentioned share value adjustment mechanisms, Numnum Restoran İşletmeciliği Ticaret A.Ş.'s entire shares, which were held by the Company, were sold at a value of TL 9,300,000 on 21 February 2020 and Kronotrop Yiyecek ve İçecek A.Ş.'s entire shares, which were held by the Company, were sold at a value of TL 14,725,000 on 28 February 2020. Share ratio of İş Girişim Sermayesi in "Mikla Yiyecek ve İçecek A.Ş.", the other newly established company by way of full spin off in order to carry out the remaining operations, is 83,57%; same as in the company which went through the process of spin off, Numnum Yiyecek ve İçecek A.Ş..

** With the Board of Directors resolution dated 25.12.2019, the capital of Toksöz Spor Malzemeleri Ticaret A.Ş. ("Toksöz Spor"), which İş Girişim Sermayesi is a shareholder, will be increased by TL 37,500,000 in cash, to TL 37,500,000 with the contribution of TL 30,000,000 in cash by İş Girişim Sermayesi. In this context, on 17.01.2020, İş Girişim Sermayesi made a capital increase subscription of TL 30,000,000 and paid TL 7,500,000, which is the 25% of this amount, in cash. The balance of TL 22,500,000 of the subscribed amount was paid in cash by İş Girişim Sermayesi on 30 March 2020.

*** In respect of the Board of Directors resolution of İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. ("İş Girişim") dated March 25, 2020, it has been decided to purchase all of the shares of Tolga Yalçınkaya, who held 2,697,006 Group A shares with the ratio of 6,59% in Ortopro Tıbbi Aletler Sanayi ve Ticaret A.Ş. ("Ortopro"), at a value of TL 3,500,000. All payment and share transfer transactions were completed on 31.03.2020 and the share ratio of İş Girişim Sermayesi in Ortopro has become 97.22%.

****A Share Transfer Agreement was signed by and between the İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (the "Company") and Çetin Yılmaz concerning transfer of a total of 102,000 (one hundred two thousand) shares to be purchased by Çetin Yılmaz from MCI PrivateVentures Fundusz Inwestycyjny Zamknięty ("MCI") in Tatilbudur Seyahat Acenteliği ve Turizm A.Ş. ("Tatilbudur"), corresponding to 12.75% (twelve point seventy five percent) of the total share capital of Tatilbudur, free of charge (the "Transfer") based on the mutual understanding reached between MCI, who holds 63.75% of the shares of Tatilbudur, and Çetin Yılmaz and in line with the Board of Directors resolution dated 17 June 2020, also, a new Shareholders Agreement was signed between the shareholders and the Company, following which, as a result of the negotiations with Çetin Yılmaz, the Additional Protocol of the Share Transfer Agreement was signed between the Company and Çetin Yılmaz in line with the Board of Directors resolution dated July 9, 2020, regarding the revision of the share ratio to be transferred to the Company as 20.00% (twenty percent), free of charge and the Additional Protocol to the Share Transfer Agreement was signed between Tatilbudur's shareholders and the Company. The Transfer took place on August 14, 2020 and the share ratio in Tatilbudur has become 40.00% (forty percent).

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 1,9% with 9,6% estimated EBITDA ratio is between 5% with 39,30%, estimated risk adjusted discount rates are between 15,1% and 26,5%.

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

For the fair values of subsidiaries and associate of the Company, reasonably possible changes at 31 December 2020 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

Sensitivity analysis	Profit or (loss)	
	Increase	Decrease
December 31, 2020		
Annual revenue growth rate (0.5% change)	7.087.997	(6.576.115)
EBITDA growth rate (0.5% change)	13.298.726	(13.298.726)
Risk adjusted discount rate (0.5% change)	(13.928.334)	15.029.959

The value of the company's affiliated company, which was valued based on the use of market approach, will change by TL +/- 1,712,693 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.

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, 2020 and December 31, 2019, the details of the Company's trade payables are as follows:

Short term trade payables	December 31 2020	December 31 2019
Due to related parties	4.201	5.272
	4.201	5.272

8. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables:

As at 31 December 2020 and 31 December 2019, the details of the Company's other receivables are as follows:

Short Term Other Receivables	December 31 2020	December 31 2019
Share sales receivables	1.909.525	-
	1.909.525	-
Long Term Other Receivables	December 31 2020	December 31 2019
Deposits and guarantees given	150	150
	150	150

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

b) Other Payables:

As at December 31, 2020 and December 31, 2019, the details of the Company's other payables are as follows:

Other short term payables	December 31 2020	December 31 2019
Other miscellaneous payables	-	770
	-	770

9. TANGIBLE ASSETS

For the years ended December 31, 2020 and December 31, 2019, the details of the Company's tangible assets are as follows:

	Furniture and Fixtures	Leasehold Improvements	Total
Cost			
Opening balances at January 1, 2020	524.244	1.061.096	1.585.340
Additions	29.611	-	29.611
Disposals	(5.261)	-	(5.261)
Net carrying amount at December 31, 2020	548.594	1.061.096	1.609.690
Accumulated Depreciation			
Opening balance at January 1, 2020	(436.087)	(1.055.525)	(1.491.612)
Period Cost (*)	(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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

	Furniture and Fixtures	Leasehold Improvements	Total
Cost			
Opening balances at January 1, 2019	509.836	1.061.096	1.570.932
Additions	61.918	-	61.918
Disposals	(47.510)	-	(47.510)
Closing balance at December 31, 2019	524.244	1.061.096	1.585.340
Accumulated Depreciation			
Opening balances at January 1, 2019	(457.237)	(1.053.949)	(1.511.186)
Charge for the year	(26.360)	(1.576)	(27.936)
Disposals	47.510	-	47.510
Closing balance at December 31, 2019	(436.087)	(1.055.525)	(1.491.612)
Net carrying amount at December 31, 2019	88.157	5.571	93.728
Net carrying amount at January 1, 2019	52.599	7.147	59.746

^(*) In the current period, depreciation of TL 33,082 is included in general administrative expenses (January 1- December 31, 2019: TL 27,936)^(**) As at 31 December 2020 and 2019, there is no pledge on tangible assets.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

10. INTANGIBLE ASSETS

For the years ended December 31, 2020 and December 31, 2019, the details of the Company's intangible assets are as follows:

	Computer software	Total
Cost		
Opening balances at January 1, 2020	75.054	75.054
Additions	-	-
Net carrying amount at December 31, 2020	75.054	75.054
Accumulated Amortization		
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	-	-
	Computer software	Total
Cost		
Opening balances at January 1, 2019	75.054	75.054
Additions	-	-
Net carrying amount at December 31, 2019	75.054	75.054
Accumulated Amortization		
Opening balances at January 1, 2019	(75.054)	(75.054)
Charge for the year	-	-
Closing balance at December 31, 2019	(75.054)	(75.054)
Net carrying amount at December 31, 2019	-	-
Net carrying amount at January 1, 2019	-	-

As of 31 December 2020 and 2019, the Company has no intangible assets created within the enterprise.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

11. RIGHT TO USE ASSETS AND RENTAL OBLIGATIONS

Right of Use Assets	2020	2019
Cost		
Registered as of January 1, gross	2.365.000	1.783.936
Adjustment at the beginning of the period	75.101	-
Recorded during the period	193.033	216.429
Gross Balance as of 31 December	2.268.499	2.000.365
Accumulated Depreciation		
Opening Balance, January 1	(379.503)	-
Period's Amortization Expense	(567.664)	(379.503)
December 31	(947.167)	(379.503)
Net Balance as of 31 December	1.321.332	1.620.862
Lease Payables	2020	2019
Registered as of January 1	1.720.414	1.783.936
Adjustment at the beginning of the period	(50.915)	-
Recorded during the period	193.033	216.429
Interest income	327.383	356.576
Rent paid	(699.712)	(636.527)
Balance as of 31 December	1.490.203	1.720.414

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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. amounting to maximum of TL 20.000.000 (twenty million Turkish Lira) 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 been a party to two lawsuits within the period of ordinary activities as defendant. During the current period, the plaintiff has waived from the aforementioned lawsuits.

13. EMPLOYEE BENEFITS

As at December 31, 2020 and December 31, 2019, the details of the Company's employee benefits are as follows:

	December 31, 2020	December 31, 2019
Short term		
Provision for employee bonuses	600.000	600.000
Vacation pay liability	653.256	702.076
	1.253.256	1.302.076
Long term		
Reserve for employee severance payments	408.623	382.040
	408.623	382.040

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 2020 is based on the monthly ceiling amounting to TL 7.117,17. (31 December 2019: TL 6.379,86).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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, 2020, 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 8% and a discount rate of 12,40% resulting in a net discount rate of approximately 4.07% (December 31, 2019: annual inflation rate of 7,20% and a discount rate of 11,70% resulting in a net discount rate of approximately 4.20%). The anticipated rate of forfeitures is also considered.

The movement of provision for retirement pay provision:

	January 1- December 31, 2020	January 1- December 31, 2019
Provision as at January 1, 2020	382.040	246.324
Service cost	84.293	121.822
Interest cost	47.373	34.807
Severance indemnity paid	(115.075)	-
Actuarial Loss/(gain)	9.992	31.275
Provision as at December 31, 2020	408.623	297.496

Actuarial differences are accounted for in comprehensive income.

The movement of provision for employee bonuses:

	January 1- December 31, 2020	January 1- December 31, 2019
Provision as at January 1, 2020	600.000	600.000
Charge for the year	553.900	588.936
Paid bonuses	(553.900)	(588.936)
Provision as at December 31, 2020	600.000	600.000

The movement of vacation pay liability:

	January 1- December 31, 2020	January 1- December 31, 2019
Provision as at January 1, 2020	702.076	624.667
Paid vacation liability	(74.830)	(38.224)
Charge for the year	26.010	115.633
Provision as at December 31, 2020	653.256	702.076

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

14. PREPAID EXPENSES

As at 31 December 2020 and 31 December 2019, the details of the Company's prepaid expenses are as follows:

Short Term	January 1- December 31, 2020	January 1- December 31, 2019
Prepaid expenses	529.495	387.646
Job advances	16.222	8.982
	545.717	396.628

There is not any long term liability (31 December 2019: None).

15. OTHER ASSETS AND LIABILITIES

As at December 31, 2020 and December 31, 2019, the details of the Company's other assets and liabilities are as follows:

Other Current Assets	December 31, 2020	December 31, 2019
Prepaid taxes and funds	1.079.051	1.224.906
	1.079.051	1.224.906
Other Short-Term Liabilities	December 31, 2020	December 31, 2019
Accrued expenses	668.882	444.254
Taxes and funds payable	144.209	122.031
	813.091	566.285

There is not any long term liability (31 December 2019: None).

16. EMPLOYEE BENEFITS PAYABLE

As at 31 December 2020 and 31 December 2019, the details of the Company's liabilities related to employee benefits are as follows:

	December 31, 2020	December 31, 2019
Social security contributions payable	57.768	50.596
	57.768	50.596

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

17. CAPITAL AND RESERVES

a) Share Capital

As at 31 December 2020 and 31 December 2019, the capital structure of the Company is as follows:

Shareholder	Company	%	December 31, 2020	%	December 31, 2019
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	11,8	8.843.298	12,0	8.958.298
Public held ^(*)	B	31,4	23.416.956	31,2	23.301.956
Nominal capital			74.652.480		74.652.480

The Company's capital consists of 7.465.248.000 shares as of 31 December 2020 (31 December 2019: 7.465.248.000 shares). The nominal value of the shares is TL 0.01 per share (31 December 2019: 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, 2020 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, 2019: TL 21.606.400).

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, 2020. (December 31, 2019: 7.000.000 TL)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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 has performed transfer to legal reserves amounting to TL 446,886 in year 2018 in lieu of the decision of the Ordinary General Assembly Meeting dated 15 March 2020 (December 31, 2019: TL 172.104). As at December 31, 2020, the Company has legal reserves amounting to TL 21,620,416 (December 31, 2019: TL 21.173.530). 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, 2020, the Company has retained earnings amounting to TL 137,043,221. (December 31, 2019: TL 135.754.009)

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 2020 in the General Assembly of the Company, it has been decided not to distribute dividends and TL 1,289,212 in retained earning has been reclassified to extraordinary reserves after deducting legal reserves (31 December 2019: There was no dividend distribution.).

18. REVENUE AND COST OF SALES

For the years ended December 31, 2020 and December 31, 2019 the details of the Company's revenue and cost of sales are as follows:

Revenue	January 1 - December 31, 2020	January 1 - December 31, 2019
Interest income on bank deposits	3,444.225	7.831.344
Interest income from treasury bonds and private sector bonds	44.000	1.130.458
Dividend income	1.780.476	970.697
Investment security fair value gains (net)	3.245.088	8.081.833
Securities trading profit (net)	7.169.543	38.139
Reverse repo and Takasbank interest income	302.304	308.195
Affiliate company sales revenue	24.025.000	
Decrease in fair value of subsidiaries and associates (net)(Note 26)	(3.830.899)	(7.466.833)
	36.179.737	10.893.833

(*) 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

Cost of Sales	December 31, 2020	December 31, 2019
Cost of Affiliate and Subsidiary sales	(24.025.000)	-
	(24.025.000)	-

19. ADMINISTRATIVE EXPENSES

For the years ended December 31, 2020 and December 31, 2019, the details of the Company's administrative expenses are as follows:

	January 1- December 31, 2020	January 1- December 31, 2019
Personnel expenses	(5.013.701)	(4.598.207)
Salaries of Board of Directors	(979.650)	(859.950)
Increase in provision for bonus expenses	(553.900)	(588.936)
Outsourcing expenses	(583.219)	(562.540)
Audit and consultancy expenses	(574.748)	(457.115)
Depreciation and amortization expenses	(600.746)	(407.439)
Executive insurance	(556.618)	(403.370)
Rent expenses	(54.988)	(172.209)
Increase in provision for employee termination benefits	(131.666)	(156.629)
Communication, electricity and stationary expenses	(154.211)	(152.053)
Increase in unused vacation provision expenses	(19.511)	(115.633)
Representation expenses	(38.593)	(90.207)
Tax and dues	(55.525)	(42.135)
Other	(731.395)	(715.008)
	(10.048.471)	(9.321.431)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

20. OTHER OPERATING INCOME AND EXPENSES

For the years ended December 31, 2020 and December 31, 2019, the details of the Company's other operating income and expenses are as follows:

	January 1- December 31, 2020	January 1- December 31, 2019
Other operating income		
Foreign exchange gains	747	169.514
Fixed assets sales	508	4.560
Other income and profits	126.093	59.340
	127.348	233.414
	January 1- December 31, 2020	January 1- December 31, 2019
Other operating expenses		
Commissions paid	(76.332)	(54.078)
Foreign exchange losses	(9.543)	(15.640)
TFRS 9 Provision expenses	(97.432)	-
	(183.307)	(69.718)

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, 2020	January 1- December 31, 2019
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	2.050.307	1.736.098
Basic and diluted earnings per share (TL 1 nominal value)	0,02747	0,02326

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

23. EFFECTS OF FOREIGN EXCHANGE RATE CHANGES

The analysis of the effects of changes in foreign exchange in December 31, 2020 and December 31, 2019 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.

98.5% 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

December 31, 2020	Receivables				Cash and Cash Equivalents ^(**)	Financial Investments ^(***)
	Trade Receivables		Other Receivables			
	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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

December 31, 2019	Receivables				Cash and Cash Equivalents ^(**)	Financial Investments ^(***)
	Trade Receivables		Other Receivables			
	Related Parties	Third Parties	Related Parties	Third Parties		
Maximum credit risk exposure as at report date ^(*)	-	-	150	-	44.963.258	16.385.890
- 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	-	44.963.258	16.385.890
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.

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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.

December 31, 2019

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	5.272	5.272	5.272	-	-	-
Other payables (*)	445.024	445.024	445.024	-	-	-
Payables from leases	1.720.414	2.463.643	174.836	524.508	1.764.299	-
Total liabilities	2.170.710	2.913.939	625.132	524.508	1.764.299	-

(*) 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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, 2020 are as follows:

	TL (Functional currency)	US Dollar	Euro	Other
December 31, 2020				
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	-	-	-	-

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

	TL (Functional currency)	US Dollar	Euro	Other
December 31, 2019				
1. Trade Receivables	-	-	-	-
2a. Monetary Financial Assets	-	-	-	-
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. CURRENT ASSETS	-	-	-	-
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. NON-CURRENT ASSETS	-	-	-	-
9. TOTAL ASSETS	-	-	-	-
10. Trade Payables	-	-	-	-
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	(132.174)	(22.251)	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. SHORT TERM LIABILITIES	(132.174)	(22.251)	-	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. LONG TERM LIABILITIES	-	-	-	-
18. TOTAL LIABILITIES	(132.174)	(22.251)	-	-
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	(132.174)	(22.251)	-	-
21. Net foreign currency asset/(liability) (position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a))	(132.174)	(22.251)	-	-
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	-	-	-	-

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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, 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	-	-	

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

	December 31, 2019			
	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	(13.217)	13.217	-	-
2- Portion secured from US Dollar (-)			-	-
3- US Dollar net effect (1+2)	(13.217)	13.217	-	-
10% appreciation/depreciation of TL against Euro				
4- Euro net asset/liability	-	-	-	-
5- Portion secured from Euro (-)			-	-
6- Euro net effect (4+5)	-	-	-	-
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)	(13.217)	13.217	-	-

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

Interest positions at the December 31, 2020 and December 31, 2019 are as follows:

Interest Position Table

	December 31, 2020	December 31, 2019
Fixed interest rate instruments		
Financial assets		
Financial assets at fair value through profit or loss	-	-
Time deposits	40.967.592	28.850.573
Takasbank money market receivables	3.916.936	7.873.328
	44.884.528	36.723.901
Floating interest rate instruments		
Financial assets		
Financial assets at fair value through profit or loss	-	1.041.000
	-	1.041.000

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 2020 and 31 December 2019 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, 2020			
Type of risk	Risk rate	Direction of risk	Effect on net profit
Interest rate risk	1%	Increase	-
		Decrease	-
December 31, 2019			
Type of risk	Risk rate	Direction of risk	Effect on net profit
Interest rate risk	1%	Increase	(3.000)
		Decrease	3.000

Other price risks

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

According to the financial position as of December 31, 2020 there is no stock investment in the portfolio of the Company. (According to the statement of financial position as at December 31, 2019, in case of 10% increase/decrease, if all the other variables remain constant, in the value of stock investment that are in the Company's portfolio, with the effect of equity investment designated at fair value through profit or loss and stock-indexed investment fund, net profit would be TL 955.124 lower/higher.)

According to the statement of financial position as at December 31, 2020, 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 207,521 (December 31, 2019: TL 235.802) lower/higher.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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

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	-	-	45.577.063	45.577.063	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
December 31, 2019	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	44.963.534	-	-	44.963.534	44.963.534	5
Financial investments	-	217.501.210	-	217.501.210	217.501.210	6
<u>Financial liabilities</u>						
Trade payables	-	-	5.272	5.272	5.272	7
Other financial liabilities(*)	-	-	445.024	445.024	445.024	8-15
Payables from leases	-	-	1.720.414	1.720.414	1.720.414	11

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

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).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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

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	215.317.327	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

Financial assets	December 31 2019	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	217.501.210	25.937.130	-	191.564.080
Cash and cash equivalents				
B type liquid funds	8.235.271	8.235.271	-	-
Total	225.736.481	34.172.401	-	191.564.080

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

Subsidiaries and participation	2020	2019
Balance at 1 January	191.564.080	192.157.438
Additions	3.500.000	-
Disposals	(24.025.000)	-
Capital increase	30.000.000	6.873.475
Include in revenue income/(expense)		
Changes in fair value	(3.830.899)	(7.466.833)
Balance at 31 December	197.208.181	191.564.080

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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

A Share Transfer Agreement was signed by and between the İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (the "Company") and Çetin Yılmaz concerning transfer of a total of 102,000 (one hundred two thousand) shares to be purchased by Çetin Yılmaz from MCI PrivateVentures Fundusz Inwestycyjny Zamknięty ("MCI") in Tatilbudur Seyahat Acenteliği ve Turizm A.Ş. ("Tatilbudur"), corresponding to 12.75% (twelve point seventy five percent) of the total share capital of Tatilbudur, free of charge (the "Transfer") based on the mutual understanding reached between MCI, who holds 63.75% of the shares of Tatilbudur, and Çetin Yılmaz and in line with the Board of Directors resolution dated 17 June 2020, also, a new Shareholders Agreement was signed between the shareholders and the Company, following which, as a result of the negotiations with Çetin Yılmaz, the Additional Protocol of the Share Transfer Agreement was signed between the Company and Çetin Yılmaz in line with the Board of Directors resolution dated July 9, 2020, regarding the revision of the share ratio to be transferred to the Company as 20.00% (twenty percent), free of charge and the Additional Protocol to the Share Transfer Agreement was signed between Tatilbudur's shareholders and the Company. The Transfer took place on August 14, 2020 and the share ratio in Tatilbudur has become 40.00% (forty percent).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

28. EVENTS AFTER THE REPORTING PERIOD

None.

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	31.12.2020 (TL)	31.12.2019 (TL)
A	Monetary and Capital Market Instruments	20/1-(b)	65.686.809	70.900.664
B	Private Equity Investments	20/1-(a)	197.208.181	191.564.080
C	Subsidiaries in Portfolio Management and Advisory Companies	20/1-(d) and (e)	-	-
D	Other Assets		4.946.032	3.336.274
E	Total Assets	3/1-(a)	267.841.022	265.801.018
F	Financial Borrowings	29	-	-
G	Provisions, Contingent Assets and Liabilities	20/2-(a)	-	-
H	Equity		263.813.880	261.773.565
I	Other Liabilities		4.027.142	4.027.453
E	Total Liabilities and Equity	3/1-(a)	267.841.022	265.801.018
	Other Financial Information	Regulations	31.12.2020 (TL)	31.12.2019 (TL)
	Investments in Financial Market Instruments	20/1-(b)		
	1. Financial Market Instruments		24.668.519	42.044.803
	A- Private Sector Bonds		-	1.041.000
	Akfen Holding A.Ş.		-	1.041.000
	İş Finansal Kiralama A.Ş.		-	-
	İş Gayrimenkul Yatırım Ortaklığı A.Ş.		-	-
	İş Faktoring A.Ş.		-	-
A1	B-Takasbank Stock Market		3.916.421	7.872.403.00
	C- Investment Funds		20.752.098	23.580.160
	T12 İş Portföy Second Stock Fund		3.771.023	2.959.210
	T13 İş Bankası Subsidiaries Index Share Fund		3.478.922	2.303.579
	IYR İş Portföy Target Hedge Fund		10.859.800	10.082.100
	T11 İş Portföy Money Market Fund		2.642.353	8.235.271
	E- Stocks		-	9.551.240
	İş Yatırım Ortaklığı A.Ş.		-	9.551.240
A2	TL and FX Denominated Term-Demand Deposits/Private Current - Sharing Account	20/1-(b)	41.018.289	28.855.860
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	29/1	-	-
F2	Long-Term Loans	29/1	-	-
F3	Short-Term Borrowing Instruments	29/1	-	-
F4	Long-Term Borrowing Instruments	29/1	-	-
F5	Other Short-Term Financial Borrowings	29/1	-	-
F6	Other Long-Term Financial Borrowings	29/1	-	-
G1	Pledged	20/2-(a)	-	-
G2	Collateral	20/2-(a)	-	-
G3	Mortgages	20/1-(a)	-	-
I	Outsourced Services Expenses	26/1	2.063.175	1.964.667

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD BETWEEN JANUARY 1- DECEMBER 31, 2020

(Amounts are expressed in Turkish Lira ("TL"))

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

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

Portfolio Restrictions ^(*)	Regulations	31.12.2020	31.12.2019	Min./Max. Rate
1 Monetary and Capital Market Instruments	22/1- (b)	24.52	26.67	≤ 65%
Financial Market Instruments	22/1- (c)	9.21	15.82	
A- Private Sector Bonds		-	0.39	≤ 10%
Akfen Holding A.Ş.		-	0.39	≤ 10%
İş Finansal Kiralama A.Ş.		-	-	≤ 10%
İş Gayrimenkul Yatırım Ortaklığı A.Ş.		-	-	≤ 10%
İş Faktoring A.Ş.		-	-	≤ 10%
2 B- Takasbank Stock Market		1.46	2.96	≤ 10%
C- Investment Funds		7.75	8.87	
T12 İş Portföy Second Stock Fund		1.41	1.11	≤ 10%
T13 İş Bankası Subsidiaries Index Share Fund		1.30	0.87	≤ 10%
IYR İş Portföy Target Hedge Fund		4.05	3.79	≤ 10%
T11 İş Portföy Money Market Fund		0.99	3.10	≤ 10%
D- Stock		-	3.59	≤ 10%
İş Yatırım Ortaklığı A.Ş.		-	3.59	≤ 10%
3 Private Equity Investments	22/1- (b)/(ğ)	73.63	72.07	≥ 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- (ı)	15.31	10.86	≤ 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	0.77	074	≤ 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.

CONTACT INFORMATION

İş Kuleleri Kule 2, Kat: 2

34330 Levent - İstanbul

Tel: (+90 212) 325 17 44

Fax: (+90 212) 270 58 08

E-mail: info@isgirisim.com.tr

www.isgirisim.com.tr