

**EKSPO FAKTORİNG ANONİM ŞİRKETİ**  
**FINANCIAL STATEMENTS**  
**AS OF JANUARY 1, - DECEMBER 31, 2021**  
**TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**



# Ekspo Faktoring Anonim Şirketi

## Contents

<b>Independent Auditor’s Report</b>	<b>45</b>
<b>Statement of Financial Position</b>	<b>47</b>
<b>Statement of Off-Balance Sheet Items</b>	<b>49</b>
<b>Statement of Profit or Loss</b>	<b>50</b>
<b>Profit or Loss and Other Comprehensive Income Statement</b>	<b>51</b>
<b>Statement of Changes in Shareholders’ Equity</b>	<b>52</b>
<b>Statement of Cash Flows</b>	<b>53</b>
<b>Profit Distribution of Table</b>	<b>54</b>
<b>Notes to the Financial Statements</b>	<b>55</b>
1. Organization and Operations of the Company	55
2. Basis of Presentation of the Financial Statements	55
3. Cash and Cash Equivalents	75
4. Financial Assets Available for Sale	75
5. Factoring Receivables	75
6. Non-Performing Receivables	77
7. Tangible Assets	78
8. Intangible Assets	79
9. Investment Property	80
10. Deferred Tax Assets/(Liabilities)	81
11. Assets Held for Sale Purpose and Related to Discontinued Operations	82
12. Other Assets	82
13. Funds Borrowed	82
14. Bonds and Notes Issued	84
15. Factoring Payables	84
16. Financial Lease Obligations	84
17. Other Payables	84
18. Provisions	84
19. Minority Shares	85
20. Paid-In Capital and Capital Reserves	85
21. Profit Reserves	86
22. Prior Period’s Profit / Loss	86
23. Provisions, Contingent Assets and Contingent Liabilities	86
24. Operating Income	87
25. Operating Expense	87
26. Other Operating Income	88
27. Financial Expenses	88
28. Provisions Expenses	88
29. Other Operating Expenses	89
30. Related Party Transactions	89
31. Tax Assets and Liabilities	89
32. Earning Per Share	91
33. Other Matters that Significantly Affect the Financial Statements or are Necessary for the Financial Statements to be Clear, Interpretable and Understandable	91
34. Nature and Level of Financial Risk Arising from Financial Instruments	91
35. Fees for Services Received from External Auditor/ External Audit Firm	100
36. Subsequent Events	100



**Building a better  
working world**

Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
Kat: 2-3-4 Daire: 54-57-59  
34485 Sarıyer  
İstanbul - Türkiye

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

## Independent Auditor's Report

### To the General Board of Ekspo Faktoring Anonim Şirketi

#### A) Audit of the Financial Statements

##### 1) Opinion

We have audited statement of financial position of Ekspo Faktoring A.Ş. ("the Company") as at December 31, 2021 and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with the "Communique on Financial Leasing, Factoring and Uniform chart of Accounts which shall be applied by Finance Companies published in Official Gazette dated December 24, 2013 and numbered 28861 and Regulation, Communique and Circular on Accounting Policies of Financial Leasing, Factoring and Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority ("BRSA") together referred as "BRSA Accounting and Financial Reporting Legislation" and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated BRSA Accounting and Financial Reporting Legislation.

##### 2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards ("InAS") which are a part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("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 within the meaning of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### 3) Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<b>Impairment of factoring receivables</b>	
Determining the adequacy of impairment allowance on factoring receivables is a key area of judgment for the management due to the significance of the balances, and complexity and subjectivity over estimating timing and amount of impairment. The risk is that factoring receivables are impaired and no reasonable impairment losses/ provisions are provided in accordance with the BRSA Accounting and Reporting Legislation. The impairment of factoring receivables are further explained in Note 5 and Note 6 to the financial statements.	<p>Our audit procedures included assessing applied procedures by the Company over the booking, monitoring and settlement, and identification the impaired factoring receivables and the required provisions against them.</p> <p>In addition, we selected samples of factoring receivables based on our judgement and considered whether there was objective evidence that impairment exists on these factoring receivables and advances. We also assessed whether impairment losses for factoring receivables and advances were reasonably determined in accordance with the requirements of BRSA have been evaluated.</p>

##### 4) Responsibilities of Management and Directors for the Financial Statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is 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, the responsibilities of us as independent auditors are:

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 InASs 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 InASs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

## B) Other liabilities arising from legislation

---

1. In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2021 are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
2. In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

## C) Additional paragraph for convenience translation into English of financial statements as of December 31, 2021 and independent auditors' report originally issued in Turkish.

---

As explained in detail in Note 1 to the financial statements, the accompanying financial statements are presented in accordance with regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles. The effects of differences between the accounting principles and standards set out by regulations, communiqués, interpretations and circulars published by the BRSA, and accounting principles generally accepted in the countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

The partner in charge of the audit resulting in this independent auditor's report is Fatih Polat.

Bu bağımsız denetimi yürütüp sonuçlandıran sorumlu denetçi Fatih Polat'tır.

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

Fatih Polat, SMMM  
Sorumlu Denetçi  
22 Şubat 2022  
İstanbul, Türkiye

## Ekspo Faktoring Anonim Şirketi

Financial Position (Balance Sheet)

as of December 31, 2021

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

ASSETS	Notes	Audited Current Period December 31, 2021			Audited Previous Period December 31, 2020		
		TP	YP	Toplam	TP	YP	Toplam
<b>I. CASH, CASH EQUIVALENTS AND THE CENTRAL BANK</b>	<b>3</b>	<b>2.947</b>	<b>13.800</b>	<b>16.747</b>	<b>171</b>	<b>19.359</b>	<b>19.530</b>
<b>II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (NET)</b>					-	-	-
<b>III. DERIVATIVE FINANCIAL ASSETS</b>	<b>2.5</b>	-	-	-	-	-	-
<b>IV. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME</b>	<b>4</b>	-	-	-	-	-	-
<b>V. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>332.095</b>	<b>99.518</b>	<b>431.613</b>	<b>217.738</b>	<b>81.527</b>	<b>299.265</b>
<b>5.1 Factoring Receivables</b>	<b>5</b>	<b>332.095</b>	<b>99.518</b>	<b>431.613</b>	<b>217.738</b>	<b>81.527</b>	<b>299.265</b>
5.1.1 Discounted Factoring Receivables (Net)		207.388	38.453	245.841	145.740	58.994	204.734
5.1.2 Other Factoring Receivables		124.707	61.065	185.772	71.998	22.533	94.531
<b>5.2 Financing Loans</b>		-	-	-	-	-	-
5.2.1 Consumer Loans		-	-	-	-	-	-
5.2.2 Credit Cards		-	-	-	-	-	-
5.2.3 Installment Commercial Loans		-	-	-	-	-	-
<b>5.3 Lease Receivables (Net)</b>		-	-	-	-	-	-
5.3.1 Finance Lease Receivables		-	-	-	-	-	-
5.3.2 Operational Lease Receivables		-	-	-	-	-	-
5.3.3 Unearned Income (-)		-	-	-	-	-	-
<b>5.4 Other Financial Assets Measured at Amortized Cost</b>		-	-	-	-	-	-
<b>5.5 Non-Performing Receivables</b>	<b>6</b>	<b>21.042</b>	-	<b>21.042</b>	<b>21.815</b>	-	<b>21.815</b>
<b>5.6 Expected Loss Provisions/Specific Provisions (-)</b>	<b>6</b>	<b>(21.042)</b>	-	<b>(21.042)</b>	<b>(21.815)</b>	-	<b>(21.815)</b>
<b>VI. EQUITY INVESTMENTS</b>		-	-	-	-	-	-
6.1 Associates (Net)		-	-	-	-	-	-
6.2 Subsidiaries (Net)		-	-	-	-	-	-
6.3 Joint Ventures (Net)		-	-	-	-	-	-
<b>VII. TANGIBLE ASSETS (Net)</b>	<b>7</b>	<b>1.853</b>	-	<b>1.853</b>	<b>1.659</b>	-	<b>1.659</b>
<b>VIII. INTANGIBLE ASSETS (Net)</b>	<b>8</b>	<b>294</b>	-	<b>294</b>	<b>272</b>	-	<b>272</b>
<b>IX. INVESTMENT PROPERTIES (Net)</b>	<b>9</b>	<b>1.953</b>	-	<b>1.953</b>	<b>1.999</b>	-	<b>1.999</b>
<b>X. CURRENT PERIOD TAX ASSETS</b>		-	-	-	-	-	-
<b>XI. DEFERRED TAX ASSETS</b>	<b>10</b>	<b>2.906</b>	-	<b>2.906</b>	<b>1.527</b>	-	<b>1.527</b>
<b>XII. OTHER ASSETS</b>	<b>12</b>	<b>1.841</b>	<b>13</b>	<b>1.854</b>	<b>1.062</b>	<b>7</b>	<b>1.069</b>
<b>SUBTOTAL</b>		<b>343.889</b>	<b>113.331</b>	<b>457.220</b>	<b>224.428</b>	<b>100.893</b>	<b>325.321</b>
<b>XIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>	<b>11</b>	-	-	-	-	-	-
13.1 Assets Held For Sale		-	-	-	-	-	-
13.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>Total Assets</b>		<b>343.889</b>	<b>113.331</b>	<b>457.220</b>	<b>224.428</b>	<b>100.893</b>	<b>325.321</b>

Note: The financial statements are presented in accordance with the new financial statement format in the “Regulation on the amendment to the regulation on the accounting practices and financial statements of financial leasing, factoring and financing companies” published in the Official Gazette dated 1 February 2019 and numbered 30673

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

## Ekspo Faktoring Anonim Şirketi

### Financial Position (Balance Sheet)

as of December 31, 2021

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

LIABILITIES	Notes	Audited Current Period December 31, 2021			Audited Previous Period December 31, 2020		
		TP	YP	Toplam	TP	YP	Toplam
<b>I. FUNDS BORROWED</b>	<b>13</b>	<b>150.216</b>	<b>52.486</b>	<b>202.702</b>	<b>54.708</b>	<b>59.223</b>	<b>113.931</b>
<b>II. FACTORING LIABILITIES</b>	<b>15</b>	<b>272</b>	<b>7.430</b>	<b>7.702</b>	<b>1.419</b>	<b>12.775</b>	<b>14.194</b>
<b>III. LEASE LIABILITIES (NET)</b>	<b>16</b>	-	-	-	-	-	-
<b>IV. DEBT SECURITIES ISSUED (Net)</b>	<b>14</b>	-	-	-	-	-	-
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (NET)</b>		-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>		-	-	-	-	-	-
<b>VII. PROVISIONS</b>	<b>18</b>	<b>1.324</b>	-	<b>1.324</b>	<b>1.158</b>	-	<b>1.158</b>
7.1 Restructuring Reserves		-	-	-	-	-	-
7.2 Reserves for Employee Benefits		1.324	-	1.324	1.158	-	1.158
7.3 General Provisions		-	-	-	-	-	-
7.4 Other Provisions		-	-	-	-	-	-
<b>VIII. CURRENT PERIOD TAX LIABILITY</b>	<b>31</b>	<b>7.775</b>	-	<b>7.775</b>	<b>1.192</b>	-	<b>1.192</b>
<b>IX. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>X. SUBORDINATED DEBT INSTRUMENTS</b>		-	-	-	-	-	-
<b>XI. OTHER LIABILITIES</b>	<b>17</b>	<b>606</b>	<b>332</b>	<b>938</b>	<b>544</b>	<b>1.094</b>	<b>1.638</b>
<b>SUBTOTAL</b>		<b>160.193</b>	<b>60.248</b>	<b>220.441</b>	<b>59.021</b>	<b>73.092</b>	<b>132.113</b>
<b>XII. PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
12.1 Held for Sale		-	-	-	-	-	-
12.2 Discontinued Operations		-	-	-	-	-	-
<b>XIII. SHAREHOLDERS' EQUITY</b>		<b>236.779</b>	-	<b>236.779</b>	<b>193.208</b>	-	<b>193.208</b>
13.1 Paid in Capital	20	60.000	-	60.000	60.000	-	60.000
13.2 Capital Reserves		-	-	-	-	-	-
13.2.1 Share Premiums		-	-	-	-	-	-
13.2.2 Share Cancellation Profits		-	-	-	-	-	-
13.2.3 Other Capital Reserves		-	-	-	-	-	-
13.3 Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		-	-	-	-	-	-
13.4 Reclassified subsequently to Profit or Loss		-	-	-	-	-	-
13.5 Profit Reserves	21	16.512	-	16.512	16.271	-	16.271
13.5.1 Legal Reserves		16.512	-	16.512	16.271	-	16.271
13.5.2 Statutory Reserves		-	-	-	-	-	-
13.5.3 Extraordinary Reserves		-	-	-	-	-	-
13.5.4 Other Profit Reserves		-	-	-	-	-	-
13.6 Profit or Loss		160.267	-	160.267	116.937	-	116.937
13.6.1 Prior Periods Profit/Loss	22	114.756	-	114.756	97.516	-	97.516
13.6.2 Current Period Profit/Loss		45.511	-	45.511	19.421	-	19.421
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>396.972</b>	<b>60.248</b>	<b>457.220</b>	<b>252.229</b>	<b>73.092</b>	<b>325.321</b>

Note: The financial statements are presented in accordance with the new financial statement format in the "Regulation on the amendment to the regulation on the accounting practices and financial statements of financial leasing, factoring and financing companies" published in the Official Gazette dated 1 February 2019 and numbered 30673

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

## Ekspo Faktoring Anonim Şirketi

### Statement of Off-Balance Sheet Items as of December 31, 2021

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

OFF-BALANCE SHEET ITEMS		Notes	Audited Current Period December 31, 2021			Audited Previous Period December 31, 2020		
			TP	YP	Toplam	TP	YP	Toplam
<b>I.</b>	<b>IRREVOCABLE FACTORING TRANSACTIONS</b>		<b>34.518</b>	<b>62.689</b>	<b>97.207</b>	<b>15.364</b>	<b>25.572</b>	<b>40.936</b>
<b>II.</b>	<b>REVOCABLE FACTORING TRANSACTIONS</b>	<b>5</b>	<b>174.639</b>	<b>44.641</b>	<b>219.280</b>	<b>160.730</b>	<b>2.901</b>	<b>163.631</b>
<b>III.</b>	<b>COLLATERALS RECEIVED</b>	<b>5-23</b>	<b>5.962.371</b>	<b>1.990.511</b>	<b>7.952.882</b>	<b>4.666.337</b>	<b>985.503</b>	<b>5.651.840</b>
<b>IV.</b>	<b>COLLATERALS GIVEN</b>	<b>23</b>	<b>42.508</b>	<b>-</b>	<b>42.508</b>	<b>34.608</b>	<b>-</b>	<b>34.608</b>
<b>V.</b>	<b>COMMITMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5.1	Irrevocable Commitments		-	-	-	-	-	-
5.2	Revocable Commitments		-	-	-	-	-	-
5.2.1	Lease Commitments		-	-	-	-	-	-
5.2.1.1	Finance Lease Commitments		-	-	-	-	-	-
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
<b>VI.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
6.1	Derivative Financial Instruments for Risk		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Net Foreign Investment Hedges		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading		-	-	-	-	-	-
6.2.1	Forward Foreign Currency Purchases/Sales		-	-	-	-	-	-
6.2.2	Swap Purchases/Sales		-	-	-	-	-	-
6.2.3	Put/call options		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
<b>VII.</b>	<b>ITEMS HELD IN CUSTODY</b>		<b>391.326</b>	<b>393.502</b>	<b>784.828</b>	<b>259.404</b>	<b>243.182</b>	<b>502.586</b>
<b>TOTAL OFF-BALANCE SHEET ITEMS</b>			<b>6.605.362</b>	<b>2.491.343</b>	<b>9.096.705</b>	<b>5.136.443</b>	<b>1.257.158</b>	<b>6.393.601</b>

Note: The financial statements are presented in accordance with the new financial statement format in the “Regulation on the amendment to the regulation on the accounting practices and financial statements of financial leasing, factoring and financing companies” published in the Official Gazette dated 1 February 2019 and numbered 30673

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

# Ekspo Faktoring Anonim Şirketi

## Statement of Profit or Loss and Other Comprehensive Income for the Period Ended December 31, 2021

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

STATEMENT OF PROFIT OR LOSS	NOTES	Current Period Audited	Previous Period Audited
		January 1 - December 31, 2021	January 1 - December 31, 2020
<b>I. OPERATING INCOME</b>	<b>24</b>	<b>87.602</b>	<b>44.216</b>
<b>FACTORING INCOME</b>		<b>87.602</b>	<b>44.216</b>
1.1 Interest Received from Factoring Receivables		79.548	41.350
1.1.1 Discounted		44.294	23.075
1.1.2 Other		35.254	18.275
1.2 Fees and Commissions Received from Factoring Receivables		8.054	2.866
1.2.1 Discounted		5.090	1.645
1.2.2 Other		2.964	1.221
<b>INCOME FROM FINANCING LOANS</b>		-	-
1.3 Interest Received from Finance Loans		-	-
1.4 Fees and Commissions Received from Finance Loans		-	-
<b>LEASE INCOME</b>		-	-
1.5 Financial Lease Income		-	-
1.6 Operating Lease Income		-	-
1.7 Fees and Commissions Received from Lease Income		-	-
<b>II. FINANCIAL EXPENSES (-)</b>	<b>27</b>	<b>(21.894)</b>	<b>(6.991)</b>
2.1 Interest Expenses on Funds Borrowed		(20.983)	(6.367)
2.2 Interest Expenses on Factoring Payables		-	-
2.3 Financial Lease Expenses		-	-
2.4 Interest Expenses on Securities Issues		-	-
2.5 Other Interest Expenses		-	-
2.6 Fees and Commissions Given		(911)	(624)
<b>III. GROSS PROFIT/LOSS (I+II)</b>		<b>65.708</b>	<b>37.225</b>
<b>IV. OPERATING EXPENSE (-)</b>	<b>25</b>	<b>(23.794)</b>	<b>(21.525)</b>
4.1 Personnel Expenses		(17.254)	(16.145)
4.2 Provision Expense for Employment Termination Benefits		(316)	(348)
4.3 Research and Development Expenses		-	-
4.4 General Administration Expenses		(6.067)	(4.883)
4.5 Other		(157)	(149)
<b>V. OPERATING GROSS PROFIT/LOSS (III+IV)</b>		<b>41.914</b>	<b>15.700</b>
<b>VI. OTHER OPERATING INCOME</b>	<b>26</b>	<b>24.331</b>	<b>17.819</b>
6.1 Interest Received from Banks		51	619
6.2 Trading Gains on Securities		-	-
6.3 Dividend Income		-	-
6.4 Interest Received from Marketable Received Portfolio		-	-
6.5 Derivative Financial Transactions Profit		-	-
6.6 Foreign Exchange Gains		22.867	13.600
6.7 Other		1.413	3.600
<b>VII. PROVISIONS FOR DOUBTFUL RECEIVABLES (-)</b>	<b>28</b>	<b>(765)</b>	<b>(56)</b>
7.1 Specific Provisions		(765)	(56)
7.2 Expected Loss Provisions		-	-
7.3 General Provisions		-	-
7.4 Other		-	-
<b>VIII. OTHER OPERATING EXPENSES (-)</b>	<b>29</b>	<b>(4.703)</b>	<b>(8.702)</b>
8.1 Impairment Losses on Securities Portfolio		-	-
8.2 Impairment of Fixed Assets		-	-
8.3 Loss of Capital Market Transactions		-	-
8.4 Loss from Derivative Financial Transaction		-	-
8.5 Foreign Exchange Loss		(4.703)	(8.702)
8.6 Other		-	-
<b>IX. NET OPERATING INCOME/EXPENSE (V+...+VIII)</b>		<b>60.777</b>	<b>24.761</b>
<b>X. INCOME RESULTED FROM MERGER</b>		-	-
<b>XI. SHARES FROM PROFITS AND LOSSES OF INVESTMENT VALUED BY EQUITY METH-OD</b>		-	-
<b>XII. NET MONETARY POSITION GAIN/LOSS</b>		-	-
<b>XIII. PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS (IX+X+XI)</b>		<b>60.777</b>	<b>24.761</b>
<b>XIV. TAXATION ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>30</b>	<b>(15.266)</b>	<b>(5.340)</b>
13.1 Current Tax Provision		(16.645)	(5.359)
13.2 Deferred Tax Expense Effect (+)		-	-
13.3 Deferred Tax Income Effect (-)		1.379	19
<b>XV. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)</b>		<b>45.511</b>	<b>19.421</b>
<b>XVI. INCOME FROM DISCONTINUING OPERATIONS</b>		-	-
15.1 Income of Non-Current Assets Held for Sale		-	-
15.2 Sale Profits from Associates, Subsidiaries and Joint Ventures		-	-
15.3 Income from Other Discontinuing Operations		-	-
<b>XVII. EXPENSES FROM DISCONTINUING OPERATIONS (-)</b>		-	-
16.1 Expenses of Non-Current Assets Held for Sale		-	-
16.2 Expenses Profits from Associates, Subsidiaries and Joint Ventures		-	-
16.3 Expense from Other Discontinuing Operations		-	-
<b>XVIII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUING OPERATIONS (XVI-XVII)</b>		-	-
<b>XIX. TAXATION ON INCOME FROM DISCONTINUING OPERATIONS (±)</b>		-	-
18.1 Current Tax Provision		-	-
18.2 Deferred Tax Expense Effect (+)		-	-
18.3 Deferred Tax Income Effect (-)		-	-
<b>XX. NET PROFIT/LOSS FROM DISCOUNTED OPERATIONS (XVIII±XIX)</b>		-	-
<b>XXI. NET PROFIT/LOSSES (XV+XX)</b>		<b>45.511</b>	<b>19.421</b>

Note: The financial statements are presented in accordance with the new financial statement format in the "Regulation on the amendment to the regulation on the accounting practices and financial statements of financial leasing, factoring and financing companies" published in the Official Gazette dated 1 February 2019 and numbered 30673

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

## Ekspo Faktoring Anonim Şirketi

### Statement of Profit or Loss and Other Comprehensive Income for the Period Ended December 31, 2021

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

<b>INCOME OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT ITEMS</b>		<b>NOTES</b>	<b>Audited Current Period January 1 - December 31, 2021</b>	<b>Audited Prior Period January 1 - December 31, 2020</b>
<b>I.</b>	<b>PERIOD INCOME/LOSS</b>		<b>45.511</b>	<b>19.421</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>		-	-
	<b>Other comprehensive income or expense that will not be reclassified</b>			
<b>2.1</b>			-	-
2.1.1	Gains/(losses) on revaluation of tangible assets		-	-
2.1.2	Gains/(losses) on revaluation of intangible assets		-	-
2.1.3	Gains/(losses) on remeasurement of defined benefit pension plans		-	-
2.1.4	Other items that will not be reclassified to profit or loss		-	-
2.1.5	Taxation on comprehensive income that will not be reclassified to profit or loss		-	-
	<b>Other comprehensive income or expense that will be reclassified</b>		-	-
<b>2.2</b>			-	-
2.2.1	Translation differences for transactions in foreign currencies		-	-
2.2.2	Valuation/ or and classification revenues/ expenses of financial assets at fair value through other comprehensive income		-	-
2.2.3	Gains/(losses) from cash flow hedges		-	-
2.2.4	Gains/(losses) from net investment hedges		-	-
2.2.5	Other items that will be reclassified to profit or loss		-	-
2.2.6	Taxation on comprehensive income that will be reclassified to profit or loss		-	-
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>		<b>45.511</b>	<b>19.421</b>

Note: The financial statements are presented in accordance with the new financial statement format in the "Regulation on the amendment to the regulation on the accounting practices and financial statements of financial leasing, factoring and financing companies" published in the Official Gazette dated 1 February 2019 and numbered 30673

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

# Ekspo Faktoring Anonim Şirketi

## Statement of Changes in Shareholders' Equity as of December 31, 2021

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

CHANGES IN EQUITY	NOTES	Paid-in Capital	Share Premium	Share Cancellation	Other Capital Reserves	Other comprehensive income or expense that will not be reclassified subsequently to profit or loss			Other comprehensive income or expense that will be reclassified subsequently to profit or loss			Profit Reserves	Prior Period Profit/ Losses	Net Profit/ Losses	Total Equity	
						1	2	3	4	5	6					
<b>PRIOR PERIOD (31/12/2020)</b>																
<b>I. Balances at the beginning of the period</b>		60.000	-	-	-	-	-	-	-	-	-	15.191	77.009	21.587	173.787	
<b>II. Corrections made as per TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>III. Adjusted balances (I+II)</b>		60.000	-	-	-	-	-	-	-	-	-	15.191	77.009	21.587	173.787	
<b>IV. Total Comprehensive Income</b>		-	-	-	-	-	-	-	-	-	-	-	-	19.421	19.421	
<b>V. Capital increase</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VI. Capital increase through internal resources</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VII. Inflation adjustments to paid-in capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VIII. Convertible bonds</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IX. Subordinated loans</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>X. Increase/decrease due to other changes</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XI. Profit distribution</b>		-	-	-	-	-	-	-	-	-	-	1.080	20.507	(21.587)	-	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	1.080	(1.080)	-	-	
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	21.587	(21.587)	-	
<b>Balances at the end of the period (III+IV+.....+XI+XII)</b>		60.000	-	-	-	-	-	-	-	-	-	16.271	97.516	19.421	193.208	
<b>CURRENT PERIOD (31/12/2021)</b>																
<b>I. Balances at the beginning of the period</b>		60.000	-	-	-	-	-	-	-	-	-	16.271	97.516	19.421	193.208	
<b>II. Corrections made as per TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>III. Adjusted balances (I+II)</b>		60.000	-	-	-	-	-	-	-	-	-	16.271	97.516	19.421	193.208	
<b>IV. Total Comprehensive Income</b>		-	-	-	-	-	-	-	-	-	-	-	-	45.511	45.511	
<b>V. Capital increase</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VI. Capital increase through internal resources</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VII. Inflation adjustments to paid-in capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>VIII. Convertible bonds</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>IX. Subordinated loans</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>X. Increase/decrease due to other changes</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>XI. Profit distribution</b>		-	-	-	-	-	-	-	-	-	-	241	17.240	(19.421)	(1.940)	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(1.940)	-	(1.940)	
11.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	241	(241)	-	-	
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	19.421	(19.421)	-	
<b>Balances at the end of the period (III+IV+.....+XI+XII)</b>		60.000	-	-	-	-	-	-	-	-	-	16.512	114.756	45.511	236.779	

Note: The financial statements are presented in accordance with the new financial statement format in the "Regulation on the amendment to the regulation on the accounting practices and financial statements of financial leasing, factoring and financing companies" published in the Official Gazette dated 1 February 2019 and numbered 30673

- (1) Accumulated revaluation surplus / impairment of fixed assets,
- (2) Accumulated repeat measurement gains / losses of defined benefit plans,
- (3) Other (Accumulated amounts of investments accounted for by the equity method that are not reclassified from income to profit or loss to others, and other items that are not reclassified to impair others or others)
- (4) Foreign currency translation differences,
- (5) Accumulated revaluation and / or classification gains / losses on available for sale financial assets,
- (6) Other (Cash flow hedging gains / investments accounted for by the equity method cumulative gains / (losses) to be classified as profit / loss to others and accumulated amounts of other comprehensive income to be reclassified to others or others).

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

# Ekspo Faktoring Anonim Şirketi

## Statement of Cash Flows as of December 31, 2021

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

CASH FLOW STATEMENT	Notes	Audited Current Period	Audited Prior Period
		January 1 - December 31, 2021	January 1 - December 31, 2020
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities</b>		<b>37.809</b>	<b>12.146</b>
1.1.1 Interests Received/ Leasing Income		85.012	42.139
1.1.2 Interests Paid / Leasing Expenses		(21.693)	(7.077)
1.1.3 Leasing Expenses		(2.183)	(2.183)
1.1.4 Dividend Received		-	-
1.1.5 Fees and Commissions Received		7.271	3.594
1.1.6 Other Income		-	-
1.1.7 Collections from Previously Written-off Doubtful Receivables	6	(1.568)	(2.981)
1.1.8 Payments to Personnel and Service Suppliers		(17.254)	(16.145)
1.1.9 Taxes Paid	31	(10.062)	(4.903)
1.1.10 Other		(1.714)	(298)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(54.839)</b>	<b>(10.621)</b>
1.2.1 Net (Increase)/Decrease in Factoring Receivables		(136.682)	(8.766)
1.2.2 Net (Increase)/Decrease in Finance Loans		-	-
1.2.3 Net (Increase)/Decrease in Lease Receivables		-	-
1.2.4 Net (Increase)/Decrease in Other Assets		(745)	1.925
1.2.5 Net Increase/(Decrease) in Factoring Payables		(6.492)	(2.122)
1.2.6 Net Increase/(Decrease) in Lease Payables		-	-
1.2.7 Net Increase/(Decrease) in Funds Borrowed		89.481	(1.859)
1.2.8 Net Increase/(Decrease) in Due Payables		-	-
1.2.9 Net Increase/(Decrease) in Other Liabilities		(401)	201
<b>I. Net Cash Used in Operating Activities</b>		<b>(17.030)</b>	<b>1.525</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
2.1 Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment	7,8	(328)	(623)
2.4 Disposals of Property and Equipment	7,8	120	-
2.5 Purchase of Investments Designated at Fair Value Through Other Comprehensive Income		-	-
2.6 Sale of Investments Designated at Fair Value Through Other Comprehensive Income		-	-
2.7 Purchase of Investment Securities Designated at Fair Value Through Profit/Loss		-	-
2.8 Sale of Investment Securities Designated at Fair Value Through Profit/Loss		-	-
2.9 Other		(161)	(22)
<b>II. Net Cash (Used in)/Provided from Investing Activities</b>		<b>(369)</b>	<b>(645)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Capital Instruments		-	-
3.4 Dividend Paid	20	(1.940)	-
3.5 Payments for Finance Leases		-	-
3.6 Other		-	-
<b>III. Net Cash (Used in)/Provided from Financing Activities</b>		<b>(1.940)</b>	<b>-</b>
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>16.556</b>	<b>7.361</b>
<b>V. Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(2.783)</b>	<b>8.241</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>3</b>	<b>19.530</b>	<b>11.264</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>		<b>16.747</b>	<b>19.505</b>

Note: The financial statements are presented in accordance with the new financial statement format in the “Regulation on the amendment to the regulation on the accounting practices and financial statements of financial leasing, factoring and financing companies” published in the Official Gazette dated 1 February 2019 and numbered 30673

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

# Ekspo Faktoring Anonim Şirketi

## Profit Distribution Table as of December 31, 2021

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

		Audited Current Period January 1 - December 31, 2021 <sup>(*)</sup> (**)	Audited Prior Period January 1 - December 31, 2020
<b>I.</b>	<b>DISTRIBUTION OF CURRENT PERIOD PROFIT<sup>(*)</sup></b>		
1.1	CURRENT PERIOD PROFIT	60.777	24.761
1.2	TAXES AND DUES PAYABLE (-)	(15.266)	(5.340)
1.2.1	Corporate Tax (Income Tax)	(16.645)	(5.359)
1.2.2	Withholding Tax		-
1.2.3	Other taxes and dues <sup>(**)</sup>	1.379	19
<b>A.</b>	<b>NET PERIOD PROFIT (1.1-1.2)</b>	<b>45.511</b>	<b>19.421</b>
1.3	PRIOR YEARS LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVE (-) (-)	-	-
1.5	OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-)	-	-
<b>B</b>	<b>DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3-1.4-1.5)]</b>	<b>45.511</b>	<b>19.421</b>
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	19.421
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Preferred Stocks	-	-
1.6.3	To Profit Sharing Bonds	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Owners of the profit /loss Sharing Certificates	-	-
1.7	DIVIDENS TO PERSONNEL (-)	-	-
1.8	DIVIDENS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDENS TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Stocks	-	-
1.9.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Owners of the profit /loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
<b>II.</b>	<b>DISTRIBUTION FROM RESERVES</b>	<b>-</b>	<b>-</b>
2.1	DISTRIBUTED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	SHARE TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Preferred Stocks	-	-
2.3.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Owners of the profit /loss Sharing Certificates	-	-
2.4	SHARE TO PERSONNEL (-)	-	-
2.5	SHARE TO BOARD OF DIRECTORS (-)	-	-
<b>III.</b>	<b>EARNINGS PER SHARE</b>		
3.1	TO OWNERS OF STOCKS	-	0,32368
3.2	TO OWNERS OF STOCKS ( % )	-	32,37
3.3	TO OWNERS OF PREFERRED STOCKS	-	-
3.4	TO OWNERS OF PREFERRED STOCKS ( % )	-	-
<b>IV.</b>	<b>DIVIDEND PER SHARE</b>		
4.1	TO OWNERS OF STOCKS	-	0,32368
4.2	TO OWNERS OF STOCKS ( % )	-	32,37
4.3	TO OWNERS OF PREFERRED STOCKS	-	-
4.4	TO OWNERS OF PREFERRED STOCKS ( % )	-	-

(\*) The General Assembly is the authorized body of the Company regarding the distribution of the current period profit. As of the date these financial statements were prepared, the Company's annual Ordinary General Assembly meeting has not been held yet. (\*\*) Per the Banking Regulation and Supervision Agency, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. The Company's deferred tax income, resulting from deferred tax assets, of TL 1.379 (2020: TL 19) was not taken into account in the calculation of distributable profit.

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

# Ekspo Faktoring Anonim Şirketi

## Notes to the Financial Statements for the Period Ended December 31, 2021

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

### 1. Organization and Operations of the Company

Ekspo Faktoring Anonim Şirketi (“the Company”) was incorporated in Turkey to provide factoring services to industrial and commercial firms and registered to Turkish Trade Registry on 2 June 2000.

The Company operates in both domestic and international markets and factors its without recourse type transactions via its correspondent factoring companies abroad. The Company provides domestic, import and export factoring services to industrial and commercial enterprises in Turkey.

As of December 31, 2021, the number of employees of the Company is 32 (December 31, 2020: 35). The Company's trade registry address, Maslak Maslak Mah. Meydan Sokak No: 5 / B Spring Giz Plaza Sarıyer-Istanbul / Turkey. The company mainly continues its factoring operations in a single geographical region (Turkey).

The Company operates based on Capital Market Boards Law and Financial Leasing, Factoring and Financing Companies Law published in the Official Gazette No: 28496 on 13 December 2012 and the Establishment and Main Activities of Financial Leasing, Factoring and Financing Companies” published in the Official Gazette No: 28267 on 24 April 2013.

The Company operates mainly factoring transactions in one geographical area (Turkey).

	<b>31 December 2021</b>	<b>Share (%)</b>	<b>31 December 2020</b>	<b>Share (%)</b>
M. Semra Tümay	29.400	49,00	29.400	49,00
Murat Tümay	15.300	25,50	15.300	25,50
Zeynep Ş. Akçakayalıoğlu	15.300	25,50	15.300	25,50
<b>Capital</b>	<b>60.000</b>	<b>100,00</b>	<b>60.000</b>	<b>100,00</b>

#### Authorization of Financial Statements

The Board of Directors has approved the publication of financial statements of the Company on February 22, 2022. The General Assembly has the authority to modify the financial statements.

#### Additional paragraph for convenience translation to English

The accompanying financial statements are presented in accordance with regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles. The effects of differences between the accounting principles and standards set out by regulations, communiqués, interpretations and circulars published by the BRSA, and accounting principles generally accepted in the countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

### 2. Basis of presentation of the financial statements

#### 2.1. Basis of presentation

##### 2.1.1 Application of Accounting Policy Standards

The Company maintains its books of account and prepares its financial statements in thousands of Turkish Lira (“TL”) in accordance with the communiqué “Uniform Chart of Accounts, Disclosures and Form and Nature of Financial Statements to be Issued By Leasing, Factoring and Consumer Finance Companies”(“Financial Statement’s Communiqué”) issued by the Banking Regulation and Supervision Agency (“BRSA”) in the Official Gazette dated 24 December 2013, numbered 28861; and in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) and their additions and comments issued by the Public Oversight Accounting and Auditing Standards’ Authority (“POA”) with the Communiqué: “The Procedures Regarding the Provisions to be Provided for the Receivables of Leasing, Factoring and Consumer Finance Companies” (“Communiqué of Provisions”) issued by the BRSA. Leasing, factoring and consumer finance companies prepares and declares their financial statements in accordance with regulations issued by BRSA.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

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

### **2.1. Basis of presentation (cont'd)**

#### **2.1.1 Application of Accounting Policy Standards (cont'd)**

The financial statements have been prepared on historical cost basis except for the derivative financial instruments which are measured at fair market value.

The Company prepared the financial statements for the year ended as of December 31, 2021 in compliance with the Turkish Accounting Standards ("TAS") which was communicated by Public Oversight Accounting and Auditing Standards Agency ("POA"). TAS, Turkish Accounting Standards, comprises Turkish Financial Reporting Standards (TFRS)' and its supplements and interpretations.

Financial statements are prepared on a historical cost basis, except for the revaluation of certain financial instruments. In determining the historical cost, generally, the fair value of the amount paid for the assets is taken as a basis.

The recent outbreak of COVID-19 in China, which has spread to various countries around the world, causing potentially fatal respiratory infections, has led to disruptions in operations, especially in countries overexposed to the outbreak, and has negatively affected economic conditions both regionally and globally. As a result of the spread of COVID-19 worldwide, various measures have been taken in our country as well as in the world to prevent the transmission of the virus and are still being taken. In addition to these, economic measures are also being taken to minimize the economic impact of the epidemic on individuals and businesses in our country and around the world. The Company Management predicts that the effects of the current situation will not be at significant levels in the financial statements prepared as of December 31, 2021. Besides, the predictions and assumptions used in the following periods will be reviewed again.

Based on BRSA's decision dated September 16, 2021 mainly due to the disruptions in economic and commercial activities as a result of the COVID-19 epidemic, the 90-day delay period is possible to apply 180 days including the receivables not yet classified in the "Non-Performing Receivables" account as of the date of this Board Decision has been terminated. However, as of October 1, 2021, it has been decided to grant an additional period of 180 days for loans whose delay period does not exceed 180 days.

#### **2.1.2 Functional and Presentation Currency**

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

#### **2.1.3 Financial Reporting in Hyperinflationary Economies**

The financial statements of the Company for the periods before 31 December 2004 were adjusted to compensate for the effect of changes in the general purchasing power of the Turkish Lira based on

IAS 29 Financial Reporting in Hyperinflationary Economies. Turkish Economy is accepted to come off its highly inflationary status as of 1 January 2005. Based on this consideration, IAS 29 has not been applied in the preparation of the financial statements since 1 January 2006.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2021, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

#### **2.1.4 Offsetting**

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

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

## **2. Basis of presentation of the financial statements (cont’d)**

### **2.2 Changes in accounting policies**

Changes in accounting policies are applied retrospectively and the prior period financial statements are restated accordingly. There is no major change in the accounting policies of the Company in the current year.

### **2.3 Change in accounting estimates and errors**

The effect of a change in an accounting estimate is recognised prospectively in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. There has not been any significant change in the accounting estimates of the Company in the current year.

### **2.4 The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the financial statements as of December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2021 and thereafter. 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 of January 1, 2021 are as follows:**

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

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

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.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

## **2. Basis of presentation of the financial statements (cont’d)**

### **2.4 The new standards, amendments and interpretations (cont’d)**

#### ***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

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

#### **Amendments to TFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions**

In June 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. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after April 1, 2021. Early application of the amendments is permitted.

Overall, the Company expects no significant impact on its balance sheet and equity.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

## **2. Basis of Presentation of Financial Statements (cont’d)**

### **2.4 The new standards, amendments and interpretations (cont’d)**

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

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

#### **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

January 1, 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.

#### **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 January 1, 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.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

## **2. Basis of Presentation of Financial Statements (cont’d)**

### **2.4 The new standards, amendments and interpretations (cont’d)**

#### **Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a**

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

January 1, 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

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

#### **TFRS 17 - The new Standard for insurance contracts**

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 January 1, 2023; early application is permitted.

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

On January 15, 2021, 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 January 1, 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.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

## **2. Basis of Presentation of Financial Statements (cont’d)**

### **2.4 The new standards, amendments and interpretations (cont’d)**

#### **Amendments to TAS 8 - Definition of Accounting Estimates**

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments issued to TAS 8 are effective for annual periods beginning on or after January 1, 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier 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 TAS 1 - Disclosure of Accounting Policies**

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after January 1, 2023. In the absence of a definition of the term ‘significant’ in TFRS, the POA decided to replace it with ‘material’ in the context of disclosing accounting policy information. ‘Material’ is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

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

#### **Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after January 1, 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

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

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

## **2. Basis of Presentation of Financial Statements (cont’d)**

### **2.4 The new standards, amendments and interpretations (cont’d)**

#### **Annual Improvements – 2018–2020 Cycle**

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

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

Improvements are effective for annual reporting periods beginning on or after January 1, 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.

### **2.5 Summary of significant account policies**

#### ***a) Revenue and cost recognition***

##### ***i. Factoring interest and commission income***

Factoring interest and commission income are recognized in profit or loss on an accrual basis using the effective interest method. Commission income is a certain percentage of the total amount of invoices subject to spot factoring transactions.

##### ***ii. Other income and other expense***

Other income and expenses are recognized on an accrual basis.

##### ***iii. Financial income / expense***

Financial income includes interest income and exchange rate differences. Financial expenses include interest expense on loans, foreign exchange losses and other financial expenses.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

## **2. Basis of presentation of the financial statements (cont’d)**

### **2.5 Summary of significant account policies (cont’d)**

#### ***b) Financial Instruments:***

Financial assets and liabilities are recognized in balance sheet as long as the company is legally involved in particular financial instruments.

#### Financial Assets

Financial assets are accounted for at fair value less transaction costs except for the financial assets classified as of fair value through profit or loss, which are initially measured at fair value. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as ‘at fair value through profit or loss’ (FVTPL), ‘held-to-maturity investments’, ‘available-for-sale’ (AFS) financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of 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 through the expected life of the financial asset, or where appropriates a shorter period to the net carrying amount on initial recognition.

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

#### Factoring Receivables and Other Receivables

Factoring receivables originated by the Company by providing money directly to the borrower are considered as factoring receivables and are carried at amortized cost.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

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

### **2.5 Summary of significant account policies (cont'd)**

#### ***b) Financial Instruments:*** (cont'd)

##### Financial Assets (cont'd)

Provision for total factoring receivables determined upon the evaluation of factoring receivables comprises the impaired factoring receivables in the factoring receivables portfolio of the Company. The Company books this provision "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" published in the Official Gazette dated December 24, 2013 and numbered 28861. In accordance with the mentioned communiqué, special provision is booked after taking into consideration their pledges at a rate of at least 20% for factoring receivables whose maturity is 90-180 days overdue, at a rate of at least 50% for factoring receivables whose maturity is 180-360 days overdue, and at a rate of 100% for factoring receivables whose maturity is one year overdue. Based on BRSA's decision dated September 16, 2021 mainly due to the disruptions in economic and commercial activities as a result of the COVID-19 epidemic, the 90-day delay period is possible to apply 180 days including the receivables not yet classified in the "Non-Performing Receivables" account as of the date of this Board Decision has been terminated. However, as of October 1, 2021, it has been decided to grant an additional period of 180 days for loans whose delay period does not exceed 180 days.

According to the Official Gazette n. 30409 in May 2, 2018; the regulation about the " financial leasing, factoring, the accounting applications of finance companies and financial statements; making provision in the scope of TFRS 9 has been set optional. Accordingly, the company does not make provision in the scope of TFRS 9 as of December 31, 2021

By taking into account all data concerning the credibility level of debtors and the principles of reliability and prudence, the Company also creates specific provisions for receivables without including collaterals, even if they are collected when due or are not overdue beyond the time limits given.

The Communiqué on Provisions states, but not requires, that a general provision, not directly related to any specific transaction, may be created for potential, unmeasured losses associated with any principal or interest or both that are not overdue or are overdue for less than ninety days. The Company creates general provisions for its factoring receivables that have not yet become doubtful.

Receivables that cannot be collected, whether in whole or in part, are written off only after the relevant debtor is ruled insolvent by a court of competent jurisdiction. Once a receivable is written off, the provision created for the receivable is reversed and the receivable is removed from assets. Any account receivable written off in any previous year but later collected is recognized as income.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

## **2. Basis of presentation of the financial statements (cont’d)**

### **2.5 Summary of significant account policies (cont’d)**

#### ***b) Financial Instruments:*** (cont’d)

##### Financial Assets (cont’d)

###### Financial Assets Measured at Amortised Cost

A financial asset is measured at amortized cost if both of the following conditions are met: (a) Asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. (b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost are loans and receivables and financial assets. Subsequent to the initial recognition, financial investments are accounted for at amortised cost calculated by using the effective interest rate method. Loans are initially recognized with their cost and carried at their amortized costs calculated using the internal rate of return subsequent to recognition.

The Company does not have financial assets held to maturity as of December 31, 2021 (December 31, 2020: None).

###### Financial Assets Measured at Fair Value through Other Comprehensive Income

A financial asset is measured if both of the following conditions are met: (a) Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A gain or loss on a financial asset measured at fair value through other comprehensive income shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

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

### **2.5 Summary of significant account policies (cont'd)**

#### ***b) Financial Instruments:*** (cont'd)

##### Financial Assets (cont'd)

Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the statement of profit or loss. However, the Bank may irrevocably prefer to apply to the financial assets at fair value through other comprehensive income for reflecting future changes in fair value for certain investments in equity instruments that would normally be measured at fair value through profit or loss at the time of initial inception in the financial statements.

The Company does not have financial assets whose fair value changes are reflected in other comprehensive income as of December 31, 2021 (financial assets available for sale on December 31, 2020: None).

##### Factoring receivables and other receivables

Factoring receivables are measured at amortised cost less expected credit loss and unearned interest income. The Company measures the loss allowance for factoring receivables at an amount equal to lifetime ECL. The expected credit losses on factoring receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of 100% against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable.

##### Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, lease receivables, trade receivables and contract assets, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

# Ekspo Faktoring Anonim Şirketi

## Notes to the Financial Statements for the Period Ended December 31, 2021

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

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

#### 2.5 Summary of significant account policies (cont’d)

##### **b) Financial Instruments:** (cont’d)

###### Financial Assets (cont’d)

###### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; demand deposits and other short-term highly liquid investments which their original maturities are 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. The carrying value of these assets approximates their fair value.

###### Derivative Financial Instruments and Hedge Accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements: Hedge accounting is not applied at December 31, 2021 and December 31, 2020.

###### Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

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

###### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are recorded at their fair value and are revaluated at their fair value at each reporting period.

Changes in their fair values are accounted for in the income statement. Net gains or losses accounted for in the income statement also include the interest paid for the financial liability.

###### *Other Financial Liabilities*

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method and the interest expense recognized on an effective yield basis.

# Ekspo Faktoring Anonim Şirketi

## Notes to the Financial Statements for the Period Ended December 31, 2021

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

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

#### 2.5 Summary of significant account policies (cont'd)

##### **b) Financial Instruments:** (cont'd)

###### Financial Assets (cont'd)

###### *Other Financial Liabilities (cont'd)*

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

##### **c) Property, Plant and Equipments**

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated and carried at cost less accumulated impairment.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant 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.

Estimated useful lives of property, plant and equipment are as follows:

<b>Description</b>	<b>Years</b>
Furniture and fixtures	5 years
Vehicles	5 years
Buildings	50 years

Special costs are depreciated by direct depreciation method over the shorter of the useful life of the private cost or lease terms.

##### **d) Intangible Assets**

###### Purchased Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

###### Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software.

The estimated useful lives for the current and comparative periods are 5 years.

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

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

### **2.5 Summary of significant account policies (cont'd)**

#### **e) Impairment of Non-Financial Assets**

At each balance sheet date, the Company reviews all of its non-financial assets to look for any indication that any non-financial asset may be impaired. If there is an indication that any non-financial asset may be impaired, then the Company calculates that asset's recoverable amount.

The recoverable amount of an asset or a cash generating unit is the higher of that asset's or unit's fair value less costs to sell and its value in use. When calculating the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

Impairment losses are assessed at each balance sheet date whether there is an indication that an impairment loss has decreased or no longer exists. Impairment loss is reversed in the event of a change in the estimations used to measure the recoverable amount.

#### **f) Share Capital Increase**

Share capital increases pro-rata to existing shareholders is accounted for at par value as approved at the annual meeting of shareholders.

#### **g) Employee benefits**

Provision for severance pay is allocated according to the amount of the possible liability arising from the retirement of the Company employees and reduced to its present value calculated according to the Turkish Labor Law. It is calculated on an accrual basis as it is earned by employees and accounted for in the financial statements. The amount of liability is calculated based on the severance pay cap announced by the government.

TAS 19 "Employee Benefits" provides for the calculation of the present value of companies' possible liabilities using actuarial valuation methods. Therefore, the present value of the company's probable liability is calculated using the assumptions in the table below.

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Net discount rate	%3,93	%4,67

The basic assumption is that the cap set for each annual service increases in proportion to inflation.

#### **h) Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

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

### **2.5 Summary of significant account policies (cont'd)**

#### ***i) Borrowing Costs***

All borrowing costs are recorded in profit or loss in the period in which they are incurred.

#### ***j) Effects of currency change***

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates. Financial position and the results of operations of the Company are expressed in TL.

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
USD	12,9775	7,3405
EURO	14,6823	9,0079
GBP	17,4530	9,9438

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### ***k) Earnings Per Share***

According to standard of TMS 33 “Earning per Share”, companies processed their stocks in exchange market do not have to announce earning per share. Because stocks of the company do not process in Exchange market, earning per share is not calculated in financial statements.

#### ***l) Subsequent events***

Subsequent events cover any events which arise between the date of the statement of financial position and the date of approval of the financial statements, even if they occurred after any declaration of the net profit for the period or specific financial information publicly disclosed.

The Company adjusts its financial statements if such subsequent events require an adjustment to the financial statements.

#### ***m) Segment Reporting of Financial Information***

The segment disclosure as per TFRS 8 is not presented since the Company's borrowing instruments or financial instruments based on equity are not traded on the stock exchange or other organized markets.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

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

### **2.5 Summary of significant account policies (cont'd)**

#### ***n) Taxes Calculated on The Basis of The Company's Earnings:***

Income tax expense represents the sum of the current tax and deferred tax payable.

The current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's current tax liability is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### ***Deferred tax***

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

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

### **2.5 Summary of significant account policies (cont'd)**

#### ***o) TFRS 16 Leases***

The accounting policies applied by the company following the TFRS 16 standard are as follows.

#### **Right of Use Assets**

The Company recognizes its right-of-use assets at the date of commencement of the financial lease agreement (for example, as of the date the relevant asset is available for use). Right-of-use assets are calculated by deducting accumulated depreciation and impairment losses from their cost value. In case of revaluation of financial lease debts, this figure is also corrected.

The cost of the right-of-use asset includes:

- a. the initial measurement amount of the lease liability,
- b. all lease payments made on or before the actual commencement date, less any lease incentives received, and
- c. All initial direct costs incurred by the Company

Unless the transfer of ownership of the underlying asset to the Company at the end of the lease term is reasonably certain, the Company depreciates the right of use asset from the actual commencement date to the end of the useful life of the underlying asset. Right-of-use assets are subject to impairment assessment.

#### **Lease Liabilities**

The Company measures the lease liability over the present value of the unpaid lease payments when the lease commences.

The lease payments included in the measurement of the lease liability at the actual commencement date consist of the following payments to be made for the right to use the underlying asset during the lease term and not paid at the time the lease commences:

- a. fixed payments,
- b. variable lease payments based on an index or rate, initially measured using an index or rate at the date the lease commences;
- c. Amounts expected to be paid by the Company under residual value commitments.
- d. If the Company is reasonably sure that it will use the option to buy, the exercise price of this option and
- e. If the rental period indicates that the Company will use an option to terminate the lease, penalty payments regarding the lease's termination.

Variable lease payments that do not depend on an index or a rate are recorded as an expense in the period in which the event or condition that triggered the payment takes place.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

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

### **2.5 Summary of significant account policies (cont'd)**

#### ***o) TFRS 16 Leases (cont'd)***

The Company uses the revised discount rate for the remaining part of the lease term if the lease's implied interest rate can be easily determined. As this rate; If cannot be determined easily, the Company determines it as the alternative borrowing interest rate on the date of re-evaluation.

The Company measures the lease liability as follows, after the date the lease commences:

- a. increases the carrying value to reflect the interest on the lease liability, and
- b. It reduces the book value to reflect the lease payments made.

Also, in the event of a change in the lease term, in substance, a change in fixed lease payments, or in the assessment of the option to purchase the underlying asset, the value of the financial lease obligations is remeasured.

#### **Short-term leases and leases where the underlying asset is of low-value**

The Company applies the short-term lease registration exemption to short-term machinery and equipment lease contracts (i.e., assets with a lease term of 12 months or less from the start date and without a purchase option). It also applies for the exemption from accounting for low-value assets to office equipment whose rental is considered low value. Short-term lease contracts and lease contracts of low-value assets are recorded as expenses according to the lease term's linear method.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The company has benefited from facilitating applications for leases and low value leases whose leases will expire within 12 months or less as of the transition date. The company's office equipment leases (such as personal computers, photocopiers) are considered as low value leases. It has been evaluated that the standard has no material effect on the financial statements of the company.

#### ***p) Cash Flow Statement***

In statement of cash flows, cash flows are classified according to operating, investment and finance activities. Cash flows from operating activities are those resulting from factoring operations of the Company.

Cash flows from investing activities indicate cash inflows and outflows resulting from fixed asset and financial investments. Cash flows from financing activities indicate the resources used in financing activities and the repayment of these resources.

#### ***r) Related Parties***

The shareholders of the Company and other companies that are controlled by them or related with them and key management personnel of the Company are considered and referred to as the related parties. The detail of related party balances and transactions are disclosed at note 30.

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

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

### **2.5 Summary of significant account policies (cont'd)**

#### **s) Assets held for sale**

Assets that are classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale.

#### **t) Investment Property**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

### **2.6 Significant Accounting Evaluation, Estimates and Assumptions**

In the preparation of the financial statements, the Company management must make assumptions and estimates that will affect the assets and liabilities reported as of the balance sheet date and determine the liabilities and commitments likely to occur as of the balance sheet date and the income and expense amounts as of the reporting period. Although these estimates and assumptions are based on Company management's best knowledge of the current events and transactions, actual results may differ from the assumptions. Estimates are regularly reviewed, necessary adjustments are made and reflected in the income statement of the period they occur. The main notes using estimates are as follows:

Notes 18 – Provisions

Notes 31 – Tax assets and liabilities

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 3. Cash and cash equivalents

	December 31, 2021		December 31, 2020	
	TL	FC	TL	FC
Cash	-	-	-	-
Banks	2.947	13.800	171	19.359
~ Demand Deposit	2.947	13.800	171	2.453
~ Time Deposits	-	-	-	16.906
	2.947	13.800	171	19.359

As of December 31, 2021, the amount of cash and cash equivalents used in the preparation of the cash flow statement was TL 19.505, excluding the interest income rediscounts of the time deposits.). As of December 31, 2020, the Company's time deposits have a maturity of less than three months and the effective interest rate of time deposits, all in USD, is 3,.08% on average.

As of December 31, 2021, there is no blockage on bank deposits. (December 31, 2020: None).

#### 4. Financial assets available for sale

None (December 31, 2020: None).

#### 5. Factoring receivables

	December 31, 2021		December 31, 2020	
	TL	FC	TL	FC
Discounted Factoring receivables	207.388	38.453	145.740	58.994
Other Factoring receivables	124.707	61.065	71.998	22.533
	332.095	99.518	217.738	81.527
	31 Aralık 2021		31 Aralık 2020	
	TP	YP	TP	YP
Domestic Factoring Receivables <sup>(*)</sup>	332.095	38.453	217.738	58.994
Export and import factoring receivables	-	61.065	-	22.533
Non-performing Factoring Receivables <sup>(**)</sup>	21.042	-	21.815	-
<b>Gross factoring receivables</b>	<b>353.137</b>	<b>99.518</b>	239.553	81.527
Specific provision for impaired factoring receivables	(21.042)	-	(21.815)	-
<b>Factoring receivables, Net</b>	<b>332.095</b>	<b>99.518</b>	217.738	81.527

(\*) The Company has an unearned receivable about TL 11.993 from domestic factoring receivables by the date of December 31, 2021 (December 31, 2020: TL 6.154).

(\*\*) It is classified as "non-performing receivables" in balance sheet.

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 5. Factoring receivables (cont'd)

As of December 31, 2021 and 2020, distribution of gross factoring receivables are as follows:

	December 31, 2021	December 31, 2020
Fixed rate	184.671	251.488
Floating rate	257.835	47.777
	<b>442.506</b>	299.265

Analysis of factoring receivables are as follows:

	December 31, 2021	December 31, 2020
Neither past due nor impaired	431.613	299.265
Past due but not impaired	-	-
Impaired	21.042	21.815
Gross	452.655	321.080
(Loss): Specific provision for impaired factoring receivables	(21.042)	(21.815)
Factoring receivables and non-performing receivables (net)	431.613	299.265

The sectoral distribution of factoring receivables as of December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021		December 31, 2020	
	Total	%	Total	%
Textiles	98.828	22,90	34.632	11,60
Chemicals and pharmaceuticals	61.908	14,34	15.876	5,30
Transportation, storage and communication	47.562	11,02	28.219	9,40
Retail and wholesale Trade	40.607	9,41	48.984	16,40
Leather industry	25.556	5,92	8.282	3,40
Researching	21.581	5,00	14.063	4,70
Wood and Wooden Products	21.073	4,88	24.920	8,30
Non-metal industry	20.657	4,79	10.961	4,30
Machinery and equipment	19.466	4,51	24.403	8,20
Construction	17.734	4,11	16.028	5,40
Iron, steel, coal, petroleum, other mines	12.631	3,38	10.139	0,00
Tourism	10.894	2,93	3.104	3,70
Financial Services	9.746	2,52	40.632	2,80
Food, beverages and tobacco	3.421	2,26	2.585	13,50
Computer and computer equipment	2.920	0,79	2.063	1,00
Agriculture and ranching	2.447	0,68	1.473	0,90
Other	14.582	0,56	12.901	0,70
	<b>431.613</b>	<b>100</b>	299.265	100

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 5. Factoring receivables (cont'd)

As of December 31, 2021 and 2020, distribution of revocable factoring transactions are as follows:

	December 31, 2021	December 31, 2020
Customer Checks	219.280	163.631
	219.280	163.631

As of December 31, 2021 and 2020, distribution of collaterals received for factoring receivables are as follows:

	December 31, 2021		December 31, 2020	
	TL	FC	TL	FC
Received Bails <sup>(*)</sup>	5.841.288	1.756.137	4.553.888	881.814
Collateral Checks and Bills	121.083	234.374	112.449	103.689
	5.962.371	1.990.511	4.666.337	985.503

(\*) If bails is received from more than one person for a receivable, each amount of bails received is taken into account separately and reflected to the collateral balance.

#### 6. Non-performing receivables

The Company measures and recognizes losses incurred or to be incurred from its receivables in accordance with the requirements of the "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" issued by BRSB on December 24, 2013 and numbered 28861.

	December 31, 2021	December 31, 2020
Non-performing factoring receivables	21.042	21.815
Specific provisions	(21.042)	(21.815)
	-	-

The aging of the past due factoring receivables as of December 31, 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
Up to 90 days	796	56
Between 90-180 days	-	-
Between 180-360 days	2	-
360 days and above	20.244	21.759
	21.042	21.815

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 6. Non-performing receivables (cont'd)

The Company measures and recognizes losses incurred or to be incurred from its receivables in accordance with the requirements of the "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" issued by BRSA on December 24, 2013 and numbered 28861. Based on BRSA's decision dated September 16, 2021 mainly due to the disruptions in economic and commercial activities as a result of the COVID-19 epidemic, the 90-day delay period is possible to apply 180 days including the receivables not yet classified in the "Non-Performing Receivables" account as of the date of this Board Decision has been terminated. However, as of October 1, 2021, it has been decided to grant an additional period of 180 days for loans whose delay period does not exceed 180 days.

The movement of specific provision for allowance of non-performing factoring receivables as of December 31, 2021 are as follows:

	January 1 – December 31, 2021	January 1- December 31, 2020
Balance as of January 1	21.815	25.142
Provision booked during the period	795	56
Deleted on assets <sup>(*)</sup>	-	(402)
Collections	(1.568)	(2.981)
<b>Balance at 31 December</b>	<b>21.042</b>	<b>21.815</b>

(\*) During the period, the Company has allocated 100 percent provision for the amount of TL 402 and transferred all of its impaired receivables to the asset management company with a price of TL 4 (December 31, 2020: All of the non-performing receivables amounting to TL 402 for the asset with a value of TL 4 transferred to the management company).

#### 7. Tangible Assets

	January 1, 2021	Addition	Disposal	December 31, 2021
<b>Cost</b>				
Furniture ve fixture	826	36	-	862
Vehicle	1.929	230	(120)	2.039
Special costs	341	-	-	341
Other	837	-	-	837
	<b>3.933</b>	<b>266</b>	<b>(120)</b>	<b>4.079</b>
	January 1, 2021	Current year depreciation	Disposal	December 31, 2021
<b>Accumulated Depreciation</b>				
Furniture ve fixture	588	17	-	605
Vehicle	1.345	55	(120)	1.280
Special costs	341	-	-	341
	<b>2.274</b>	<b>72</b>	<b>(120)</b>	<b>2.226</b>
<b>Net book value</b>	<b>1.659</b>			<b>1.853</b>

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 7. Tangible Assets (cont'd)

	January 1, 2020	Addition	Disposal	December 31, 2020
<b>Cost</b>				
Furniture ve fixture	738	88	-	826
Vehicle	1.929	-	-	1.929
Special costs	341	-	-	341
Other	837	-	-	837
	3.845	88	-	3.933

	January 1, 2020	Current year depreciation	Disposal	December 31, 2020
<b>Accumulated Depreciation</b>				
Furniture ve fixture	559	29	-	588
Vehicle	1.274	71	-	1.345
Special costs	341	-	-	341
	2.174	100	-	2.274
<b>Net book value</b>	1.671			1.659

As of December 31, 2021, the Company has tangible fixed assets with a net book value of TL 1.853, with a cost of TL 4.079 and an accumulated depreciation amount of TL 2.226 (As of December 31, 2020, the net book value of tangible fixed assets is TL 1.659).

#### 8. Intangible assets

	January 1, 2021	Addition	Disposal	December 31, 2021
<b>Cost</b>				
Computer softwares and rights	636	62	-	698
	636	62	-	698

	January 1, 2021	Amortization	Disposal	December 31, 2021
<b>Accumulated Amortization</b>				
Computer softwares and rights	364	40	-	404
	364	40	-	404
<b>Net book value</b>	272			294

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 8. Intangible assets (cont'd)

	January 1, 2020	Addition	Disposal	December 31, 2020
<b>Cost</b>				
Computer softwares and rights	614	22	-	636
	614	22	-	636
	January 1, 2020	Amortization	Disposal	December 31, 2020
<b>Accumulated Amortization</b>				
Computer softwares and rights	332	32	-	364
	332	32	-	364
<b>Net book value</b>	282			272

As of December 31, 2021, the Company has TL 698 intangible fixed assets and the accumulated depreciation amount is TL 404 and the net book value is TL 294 (As of December 31, 2020, the net book value of intangible fixed assets is TL 272).

#### 9. Investment Property

Investment properties include a flat owned by the Company which is property held either to earn rental income or for capital appreciation or for both. The investment properties are amortized with straight-line method over its estimated useful life of 50 years.

	January 1, 2021	Addition	Disposal	December 31, 2021
<b>Cost</b>				
Investment Property	2.351	-	-	2.351
	2.351	-	-	2.351
	January 1, 2021	Current year depreciation	Disposal	December 31, 2021
<b>Accumulated Depreciation</b>				
Investment Property	352	46	-	398
	352	46	-	398
<b>Net Book Value</b>	1.999			1.953

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 9. Investment Property (cont'd)

	January 1, 2020	Addition	Disposal	December 31, 2020
<b>Cost</b>				
Investment Property	1.816	535	-	2.351
	1.816	535	-	2.351
	January 1, 2020	Current year depreciation	Disposal	December 31, 2020
<b>Accumulated Depreciation</b>				
Investment Property	334	18	-	352
	334	18	-	352
<b>Net Book Value</b>	1.482			1.999

As of December 31, 2021, the Company has investment property of TL 2.351 and the accumulated depreciation amount is TL 398, with a net book value of TL 1.953 (As of December 31, 2020, the net book value of investment properties is TL 1.999).

#### 10. Deferred tax assets/(liabilities)

The carrying amount of an asset or liability and the company determined by the tax legislation for the value of taxable temporary differences between the tax basis, "Income Related to Tax Turkey Accounting Standards" ("TAS 12") and its interests calculate deferred taxes following the provisions of reports. Deferred tax calculation uses legalized tax rates that are valid as of the balance sheet date under the applicable tax legislation.

Since the corporate tax rate of 22 percent entered into force with the "Law on Amending Certain Tax Laws and Some Other Laws" numbered 7061, while preparing the financial statements of 31 December 23 in deferred tax calculations, the rate of 23 percent for the temporary differences that are likely to be recovered in 2020 and 2021, the rate of 20 percent has been used for the part exceeding two years. Due to the completion of the temporary tax rate change as of 2020, the Company used a 20 percent tax rate when preparing the financial statements as of December 31, 2021, for the temporary differences expected to occur or close in 2022 and after.

	Temporary differences		Deferred tax assets/liabilities	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Employee severance payments	1.324	1.158	265	231
Prepaid commissions	358	1.141	82	228
Unearned interest income	11.993	6.154	2.758	1.231
<b>Deferred tax assets</b>	<b>13.675</b>	8.453	<b>3.105</b>	1.690
Tangible and intangible assets	(997)	(817)	(199)	(163)
<b>Deferred tax liabilities</b>	<b>(997)</b>	(817)	<b>(199)</b>	(163)
<b>Deferred tax liabilities (net)</b>	<b>12.678</b>	7.636	<b>2.906</b>	1.527

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 10. Deferred tax assets/(liabilities) (cont'd)

As of December 31, 2020, movement of deferred tax asset is as follows:

	2021	2020
Beginning balance, January 1	1.527	1.508
Deferred tax (expense)/ income	1.379	19
Closing balance, December 31	2.906	1.527

#### 11. Assets held for sale purpose and related to discontinued operations

None (December 31, 2020: None)

#### 12. Other assets

	December 31, 2021		December 31, 2020	
	TL	FC	TL	FC
Receivables from Customers <sup>(*)</sup>	1.822	13	1.043	7
Prepaid expenses	19	-	19	-
	1.841	13	1.062	7

(\*) Receivables from customers consist of BITT receivables regarding factoring receivables.

#### 13. Funds Borrowed

	December 31, 2021	December 31, 2020
Short-term bank borrowings	202.702	113.931
	202.702	113.931

The details of bank borrowings are as follows:

Currency	Average Interest rate %	Maturity	December 31, 2021
TL	%21,30	Ocak 2022 – Haziran 2022	150.216

  

Currency	Average Interest rate %	Maturity	December 31, 2020
TL	%18,40	Ocak 2021 – Şubat 2021	54.708
			54.708

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 13. Funds Borrowed (cont'd)

Currency	Average Interest rate%	Maturity	December 31, 2021
USD	%1,48	January 2022 – March 2022	51.719
			51.719

Currency	Average Interest rate%	Maturity	December 31, 2020
USD	%0,66	January 2021 – May 2021	44.807
			44.807

Currency	Average Interest rate%	Maturity	December 31, 2021
EUR	%0,70	March 2022	777
			777

Currency	Average Interest rate%	Maturity	December 31, 2020
EUR	%0,37	March 2021 – May 2021	14.416
			14.416

	December 31, 2021		December 31, 2020	
	TL	FC	TL	FC
Fixed rate	150.216	13.954	54.708	59.223
Floating rate	-	38.532	-	-
	150.216	52.486	54.708	59.223

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

#### **14. Bonds and notes issued**

None (December 31, 2020: None)

#### **15. Factoring payables**

	<b>December 31, 2021</b>	December 31, 2020
Factoring payable	<b>7.702</b>	14.194
	<b>7.702</b>	14.194

#### **16. Financial lease obligations**

None (December 31, 2020: None)

#### **17. Other payables**

	<b>December 31, 2021</b>		December 31, 2020	
	TL	FC	TL	FC
Fees and commissions collected in ad-vance	<b>28</b>	<b>330</b>	65	1.076
Suppliers payable	<b>578</b>	<b>2</b>	479	18
	<b>606</b>	<b>332</b>	544	1.094

#### **18. Provisions**

##### Reserves For Employee Benefits

	<b>December 31, 2021</b>	December 31, 2020
Provision for employment termination benefits	<b>1.324</b>	1.158
Provision for unused vacation	-	-
	<b>1.324</b>	1.158

##### ***Provision for employment termination benefits***

Provision for employment termination benefits table is as follows:

	<b>December 31, 2021</b>	December 31, 2020
<b>January 1, beginning</b>	<b>1.158</b>	930
Interest rate	<b>248</b>	112
Service cost	<b>126</b>	234
Payments during the period	<b>(208)</b>	(118)
Actuarial (gain) / loss	-	-
<b>Balance at the end of the period</b>	<b>1.324</b>	1.158

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

#### **18. Provisions (cont'd)**

According to Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 years for women, 60 years for men). After the legislative amendment on May 23, 2002, some of transition process articles that related with service time before the retirement were excluded.

The indemnity to be paid is up to one month's salary for each service year, not exceeding the retirement pay ceiling amount for the relevant period, and this amount is limited to TL 8.284,51 (2020: TL 7.117,17) as of December 31, 2021 (with full TL amount).

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans.

As of December 31, 2021 and December 31, 2020, the Company have an independent actuarial work that discounts employment termination benefits based on estimated inflation rates and factors arising from its experience in the separation or termination of personnel from employees and using the interest rate of government bonds applicable at the relevant balance sheet date and "Project Unit Credit Method", and reflected it in its financial statements. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 16.90% and a discount rate of 21,50%, resulting in a real discount rate of approximately 3,93% (December 31, 2020: inflation rate of 7% and a discount rate of 12%, resulting in a real discount rate of approximately 4,67%).

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

#### **19. Minority shares**

None (December 31, 2020: None).

#### **20. Paid-In Capital and Capital Reserves**

##### *Paid in-capital*

As of December 31, 2021, the company's capital is TL 60.000 (December 31, 2020: TL 60.000 Thousand). As of December 31, 2021, the Company has 60.000.000 (December 31, 2020: 60.000.000) non-privileged stocks with a value of TL 1 (December 31, 2020: TL 1). The registered capital of the company consists of 100.000.000 shares each worth TL 1.

In statutory financial statements, accumulated profits may be distributed except for legal reserves and subject to following requirements for legal reserves. The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. According to Law No. 5228 on Amendments to Certain Tax Laws published in Official Gazette No. 25539 if 31 July 2004, inflation adjustments to shareholders' equity line items arising from inflation adjusted financial statements and recognized in "Accumulated Profit/Loss" may be offset against inflation-adjusted accumulated losses or included in share capital by corporate taxpayers, and this transaction is treated as a dividend distribution. As per the Banking Regulation and Supervision Agency (BRSA), income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase.

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 20. Paid-In Capital And Capital Reserves (cont'd)

##### Dividends

The Company distributed TL 1.940.000 as dividends to shareholders in total (with a full amount of TL), including TL 1.582.200 cash dividend payment (with a full amount of TL) and TL 357.800 withholding tax (with a full amount of TL) in March 2021 for 2020 (2020: None).

#### 21. Profit reserves

As of December 31, 2021 and 2020 profit reserves are as follows:

	December 31, 2021	December 31, 2020
Legal reserves	<b>16.512</b>	16.271
	<b>16.512</b>	16.271

#### 22. Prior Period's Profit / Loss

	December 31, 2021	December 31, 2020
Prior Periods Profit/Loss	<b>114.756</b>	97.516
	<b>114.756</b>	97.516

#### 23. Provisions, contingent assets and contingent liabilities

##### 23.1 Letters of Guarantee Received

As of December 31, 2021, and 2020, the details of the Company's items held in custody is as follows:

	December 31, 2021		December 31, 2020	
	TL	FC	TL	FC
Customers' Cheques	<b>44.931</b>	<b>12.289</b>	31.642	24.569
Customers' Notes	<b>76.152</b>	<b>222.085</b>	80.807	79.120
Received Bails <sup>(*)</sup>	<b>5.841.288</b>	<b>1.756.137</b>	4.553.888	881.814
	<b>5.962.371</b>	<b>1.990.511</b>	4.666.337	985.503

(\*) If mortgage is received from more than one person for a receivable, each amount received from mortgage is reflected on the collateral balance by taking into account each amount separately.

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 23. Provisions, contingent assets and contingent liabilities (cont'd)

##### 23.2 Letters of Guarantee Given

The details of letters of guarantee given as of December 31, 2021 and 2020 are as follows:

	December 31, 2021		December 31, 2020	
	TL	FC	TL	FC
Letters of guarantee given to banks	35.008	-	27.108	-
Bails in favor of customers	7.500	-	7.500	-
	42.508	-	34.608	-

#### 24. Operating income

	January 1 - December 31, 2021	January 1- December 31, 2020
Factoring interest income	79.548	41.350
Factoring commission and other income	8.054	2.866
	87.602	44.216

#### 25. Operating expense

	January 1- December 31, 2021	January 1- December 31, 2020
Personnel expenses	17.254	16.145
Rent expenses	2.511	2.183
Information technologies expenses	596	577
Audit and consultancy expenses	354	466
Subscription fee	621	424
Provisions for employee termination benefits expense	316	348
Vehicle expenses	113	149
Taxes and duties	157	149
Amortization and depreciation expenses	114	130
Representation expenses	161	65
Advertisement expenses	48	40
Other	1.549	849
	23.794	21.525

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

#### **25. Operating expense (cont'd)**

The detail of personnel expenses as of December 31, 2021 and December 31, 2020 are as follows:

	<b>January 1- December 31, 2021</b>	January 1-December 31, 2020
Salary expenses	<b>15.330</b>	14.139
Social security premium employer's share	<b>952</b>	937
Insurance expenses	<b>392</b>	579
Transportation expenses	<b>224</b>	210
Meal expenses	<b>222</b>	206
Unemployment security employer's share	<b>74</b>	66
Other	<b>60</b>	8
	<b>17.254</b>	16.145

#### **26. Other operating income**

	<b>January 1 - December 31, 2021</b>	January 1 - December 31, 2020
Foreign currency gain	<b>22.867</b>	13.600
Provision no longer required	<b>51</b>	619
Interest Received from Banks	<b>1.413</b>	3.600
	<b>24.331</b>	17.819

#### **27. Financial expenses**

	<b>January 1 - December 31, 2021</b>	January 1 - December 31, 2020
Interest expense on bank borrowings	<b>20.983</b>	6.367
Fees and Commissions Expenses	<b>911</b>	624
	<b>21.894</b>	6.991

#### **28. Provisions Expenses**

As of December 31, 2021 and 2020 provisions follows:

	<b>January 1 - December 31, 2021</b>	January 1 - December 31, 2020
Provision expenses	<b>(765)</b>	(56)
	<b>(765)</b>	(56)

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

#### **29. Other operating expenses**

	<b>January 1 - December 31, 2021</b>	January 1 - December 31, 2020
Foreign exchange loss	<b>4.703</b>	8.702
	<b>4.703</b>	8.702

#### **30. Related Party Transactions**

The detail of related party transactions as of December 31, 2021 and December 31, 2020 are as follows:

	<b>January 1 - December 31, 2021</b>	January 1 - December 31, 2020
M. Semra Tümay – rent expenses	<b>2.511</b>	2.183
	<b>2.511</b>	2.183

#### **Top management fees and rights:**

As of December 31, 2021 the company paid amount to TL 16.174 to Board of Directors and top management (December 31, 2020: TL 10.676).

#### **31. Tax assets and liabilities**

##### **Corporation Tax**

Corporate income is subject to corporate tax at 20%. However, the corporate tax rate which is 20% pursuant to the temporary article 13 added to the Corporate Tax Law; It will be applied at the rate of 25% for corporate earnings in 2021 and 23% for corporate earnings in 2022. This rate is applied to as accounting income modified for certain exceptions (like dividend income) and deductions (like investment incentives) and additions for certain non-tax deductible expenses and allowances for tax purposes. If there is no distribution planned, no further tax charges are made. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid until the end of the related month.

The companies tax rate over their quarterly profits when calculating their temporary tax payables; which they are obliged declare via Advance Corporate Tax Declaration by the end 14th, and pay by the end of 17th of the 2 month following the related period. Quarterly Advance Corporate Tax payments made within a year are deducted from the Corporate Income Tax calculated for the same fiscal year. Following the netting-off, if there is still remaining Advance Corporate Tax balance, it can be deducted from any other financial debt owed to the State or can be received in the form of cash refund.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate income tax base of up to next 5 years; while, declarations and related accounting records can be examined by the State officials within up to next 5 years. If an error is found as a result of investigations, the tax amounts may change according to new tax assessment.

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, 15% withholding tax rate is applied to dividends paid.

With the “Law Amending the Tax Procedure Law and the Corporate Tax Law”, which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

#### **31. Tax assets and liabilities (cont'd)**

Dividend payments made from companies residing in Turkey to corporations residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

#### **Current Period Tax Expense and Deferred Tax**

Tax expense includes current tax expense and deferred tax expense. Tax is included in the income statement, provided that it is not directly related to a transaction accounted for under equity. Otherwise, the tax is accounted for under the equity, together with the related transaction.

Current tax expense is calculated by taking into account the tax legislation, in force as of the financial statement date, in respective countries where the investments of the subsidiaries and investments accounted for by the equity method are active. According to Turkish tax legislation, all legal or business centers and institutions in Turkey, are subject to Corporate Income Tax.

In the Turkish taxation system, financial losses may be offset against taxable profits for up to next five years while may not be offset (retrospectively) from previous years' earnings.

In addition, provisional tax is paid on the tax bases declared in the interim period during the year to be deducted from the corporate tax.

As of December 31, 2021 and 2020, the tax liability has been set aside under the current tax legislation.

As of December 31, 2021 and 2020 taxes in income statement are stated below:

	<b>January 1 - December 31, 2021</b>	January 1 - December 31, 2020
Corporate tax provision	<b>16.645</b>	5.359
Prepaid taxes	<b>(8.870)</b>	(4.167)
<b>Tax (assets) / liabilities</b>	<b>7.775</b>	1.192

	<b>January 1 - December 31, 2021</b>	January 1 - December 31, 2020
Current tax expense	<b>16.645</b>	5.359
Deferred tax expense	<b>(1.379)</b>	(19)
	<b>15.266</b>	5.340

<b>Reconciliation of Tax Provisions</b>	<b>January 1 - December 31, 2021</b>	January 1 - December 31, 2020
Profit before tax	<b>60.777</b>	24.761
Effective Tax Rate	<b>%25</b>	%22
Calculated Tax	<b>(15.194)</b>	(5.447)
Other and Effects of Expenses are not accepted legally	<b>(108)</b>	(33)
Other	<b>36</b>	293
<b>Tax expense in statement of profit or loss</b>	<b>(15.266)</b>	(5.340)

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

#### **32. Earning per share**

Since the Company’s shares are not traded in the active market, earning per share have not been calculated on the accompanying financial statements.

#### **33. Other matters that significantly affect the financial statements or are necessary for the financial statements to be clear, interpretable and understandable**

None. (December 31, 2020: None).

#### **34. Nature and level of financial risk arising from financial instruments**

##### ***a) Capital risk management***

The Company aims to make the most efficient use of the debt and equity balance while trying to maintain the continuity of its operations.

In accordance with Article 12 of the “Regulation on the Formation and Operations of Financial Leasing, Factoring and Financial Companies”, published in Official Gazette of December 24, 2013, it is mandatory to achieve and maintain a minimum shareholders’ equity to total assets ratio of 3%. The Company has reached standard rate as of December 31, 2021 (December 31, 2020: The Company has reached standard rate).

##### ***b) Significant account policies***

The significant account policies of the Company have been explained in the Note 3 “Applied Valuation Principles / Accounting Policies”.

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

#### **34. Nature and level of financial risk arising from financial instruments (cont'd)**

##### **c) Financial instruments categories**

	<b>December 31, 2021</b>	December 31, 2020
Financial Assets:		
Cash Equivalents and Banks	<b>16.747</b>	19.530
Factoring Receivables	<b>431.613</b>	299.265
Financial Liabilities:		
Factoring Payables	<b>7.702</b>	14.194
Funds Borrowed	<b>202.702</b>	113.931

The fair value of the financial assets and liabilities are determined as follows:

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

##### **d) Financial risk management**

The Company is responsible for ensuring access to financial markets on a regular basis and for observing and managing the financial risks to which it is exposed. These risks include market risk (including exchange rate risk, fair interest rate risk and price risk), liquidity risk and cash flow interest rate risk.

##### **e) Market risk**

The Company is exposed to financial risks which is related to changes in foreign exchange rates (please refer to f) and interest rates (please refer to g) and its operations. At a company level, market risk is measured by sensitivity analysis.

There has been no change in the manner in which the Company exposes the market risk of the current year or how it handles or manages the risks in the current year, compared to the previous year.

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 34. Nature and level of financial risk arising from financial instruments (cont'd)

##### f) Foreign currency risk

Currency risk is a result of the foreign currency transactions. The Company manages its exposure to currency risk which is a result of the Company's operations and cash flows due to the financing agreement regularly.

The table below summarizes the foreign currency position risk of the Company on a detailed basis as of December 31, 2021 and December 31, 2020, the registered amounts of foreign currency assets and debts held by the Company are as follows in terms of their TL equivalents in foreign currencies:

	December 31, 2021			
	USD	EUR	GBP	Total
<b>Assets</b>				
Cash and cash equivalents	11.428	2.198	174	13.800
Factoring receivables	76.053	22.552	913	99518
Other assets	13	-	-	13
<b>Total assets</b>	<b>87.494</b>	<b>24.750</b>	<b>1.087</b>	<b>113.331</b>
<b>Liabilities</b>				
Funds borrowed	51.713	767	-	52.486
Factoring payables	324	8	-	332
Other Liabilities	1.033	5.506	891	7.430
<b>Total liabilities</b>	<b>53.083</b>	<b>6.274</b>	<b>891</b>	<b>60.248</b>
<b>Net foreign currency position</b>	<b>34.411</b>	<b>18.476</b>	<b>196</b>	<b>53.083</b>
Off-balance sheet position	-	-	-	-
<b>Net position</b>	<b>34.411</b>	<b>18.476</b>	<b>196</b>	<b>53.083</b>

  

	December 31, 2020			
	USD	EUR	GBP	Total
<b>Assets</b>				
Cash and cash equivalents	17.870	132	1.357	19.359
Factoring receivables	44.764	28.684	8.079	81.527
Other assets	7	-	-	7
<b>Total assets</b>	<b>62.641</b>	<b>28.816</b>	<b>9.436</b>	<b>100.893</b>
<b>Liabilities</b>				
Funds Borrowed	44.807	14.416	-	59.223
Factoring payables	453	4.367	7.955	12.775
Other Liabilities	813	268	13	1.094
<b>Total liabilities</b>	<b>46.073</b>	<b>19.051</b>	<b>7.968</b>	<b>73.092</b>
<b>Net foreign currency position</b>	<b>16.568</b>	<b>9.765</b>	<b>1.468</b>	<b>27.801</b>
Off-balance sheet position	-	-	-	-
<b>Net position</b>	<b>16.568</b>	<b>9.765</b>	<b>1.468</b>	<b>27.801</b>

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 34. Nature and level of financial risk arising from financial instruments (cont'd)

##### f) Foreign currency risk (cont'd)

###### Foreign Currency Sensitivity

The Company mainly is exposed to USD and EUR exchange rate risks.

The statement below shows the sensitivity of the Company to USD and EUR when a 10% change occurs at those currencies' exchange rates. 10% change in rates is used when reporting foreign currency risk to the top management and stands for expected fluctuation in exchange rates by the top management. Foreign currency sensitivity analysis for the reporting period of the Company is determined based on the change at the beginning of the fiscal year and fixed during the reporting period. Positive amount refers to increase in net profit.

	Profit/ Loss		December 31, 2021	
	The appreciation of foreign currency	Depreciation of foreign currency	The appreciation of foreign currency	Equity Depreciation of foreign currency
10% change of the USD against TL				
1 - Net USD asset/liability	3.441	(3.441)	3.441	(3.441)
2- Hedged portion of TL against USD risk (-)	-	-	-	-
<b>3- Net effect of USD (1 +2)</b>	<b>3.441</b>	<b>(3.441)</b>	<b>3.441</b>	<b>(3.441)</b>
10% change of the Euro against TL				
4 - Net Euro asset/liability	1.848	(1.848)	1.848	(1.848)
5 - Hedged portion of TL against Euro risk (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>1.848</b>	<b>(1.848)</b>	<b>1.848</b>	<b>(1.848)</b>
10% change of other foreign currencies against TL				
7- Net other foreign currencies asset/liability	20	(20)	20	(20)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
<b>9- Net effect of other foreign currencies (7+8)</b>	<b>20</b>	<b>(20)</b>	<b>20</b>	<b>(20)</b>
<b>Total (3 + 6 +9)</b>	<b>5.309</b>	<b>(5.309)</b>	<b>5.309</b>	<b>(5.309)</b>

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 34. Nature and level of financial risk arising from financial instruments (cont'd)

	December 31, 2020			
	Profit/ Loss		Equity	
	The appreciation of foreign currency	Depreciation of foreign currency	The appreciation of foreign currency	Depreciation of foreign currency
10% change of the USD against TL				
1 - Net USD asset/liability	1.657	(1.657)	1.657	(1.657)
2- Hedged portion of TL against USD risk (-)	-	-	-	-
<b>3- Net effect of USD (1 +2)</b>	<b>1.657</b>	<b>(1.657)</b>	<b>1.657</b>	<b>(1.657)</b>
10% change of the Euro against TL				
4 - Net Euro asset/liability	976	(976)	976	(976)
5 - Hedged portion of TL against Euro risk (-)	-	-	-	-
<b>6- Net effect of Euro (4+5)</b>	<b>976</b>	<b>(976)</b>	<b>976</b>	<b>(976)</b>
10% change of other foreign currencies against TL				
7- Net other foreign currencies asset/liability	147	(147)	147	(147)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
<b>9- Net effect of other foreign currencies (7+8)</b>	<b>147</b>	<b>(147)</b>	<b>147</b>	<b>(147)</b>
<b>Total (3 + 6 +9)</b>	<b>2.780</b>	<b>(2.780)</b>	<b>2.780</b>	<b>(2.780)</b>

#### **g) Credit Risk**

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The Company 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. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

#### **34. Nature and level of financial risk arising from financial instruments (cont'd)**

##### **g) Credit Risk (cont'd)**

Credit risk exposures relating to types of financial instruments:

<b>December 31, 2021</b>	<b>Factoring receivables</b>	<b>Banks</b>	<b>Other Assets</b>
The maximum credit risk exposure as of reporting date	<b>431.613</b>	<b>16.747</b>	<b>1.854</b>
A. The net book value of financial assets that are neither past due or impaired	<b>431.613</b>	<b>16.747</b>	<b>1.854</b>
B. Renegotiated conditions, otherwise the book value of financial assets at maturity will be accepted as past due or impaired	-	-	-
C. The net book value of assets that are neither past due or impaired	-	-	-
D. The net book value of assets that are impaired	-	-	-
- <i>Overdue (gross book value)</i>	<b>21.042</b>		
- <i>Impairment (-)</i>	<b>(21.042)</b>		
E. Factors including off-balance sheet credit risk	-	-	-

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 34. Nature and level of financial risk arising from financial instruments (cont'd)

##### g) Credit Risk (cont'd)

December 31, 2020	Factoring receivables	Banks	Other Assets
The maximum credit risk exposure as of reporting date <sup>(*)</sup>	299.265	19.530	1.069
A. The net book value of financial assets that are neither past due or impaired	299.265	19.530	1.069
B. Renegotiated conditions, otherwise the book value of financial assets at maturity will be accepted as past due or impaired	-	-	-
C. The net book value of assets that are neither past due or impaired	-	-	-
D. The net book value of assets that are impaired	-	-	-
- Overdue (gross book value)	21.815		
- Impairment (-)	(21.815)		
E. Factors including off-balance sheet credit risk	-	-	-

##### h) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

#### **34. Nature and level of financial risk arising from financial instruments (cont'd)**

##### ***i) Interest Rate***

The Company is exposed to interest rate risk which is related to the Company's factoring transactions to over fixed and floating interest rates and debt. Such risk is allocated to receivables and payables properly and controlled by the Company.

##### Interest Rate Sensitivity

Interest rate risk arises from the impact of changes in interest rates on the financial statements. The Company is exposed to interest rate risk due to timing mismatches or differences of assets and liabilities that are due to be expired or re-priced in a given period. The Company manages this risk by applying risk management strategies by matching the dates of interest rate change of assets and liabilities.

	<b>December 31, 2021</b>	December 31, 2020
<b>Fixed Rate Financial Instruments</b>		
Financial Assets:		
<i>Banks</i>	-	19.530
<i>Factoring Receivables</i>	<b>184.671</b>	251.488
Financial Liabilities:		
<i>Funds Borrowed</i>	<b>158.909</b>	113.931
<i>Factoring Payables</i>	<b>7.702</b>	1.419
<b>Floating Rate Financial Instruments</b>		
Financial Assets:		
<i>Factoring Receivables</i>	<b>184.671</b>	47.777
Financial Liabilities:		
<i>Funds Borrowed</i>	<b>43.793</b>	-
<i>Factoring Payables</i>	<b>246.942</b>	12.775

##### ***j) Other Pricing Risks***

None. (December 31, 2020 :None)

## Ekspo Faktoring Anonim Şirketi

### Notes to the Financial Statements for the Period Ended December 31, 2021

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

#### 34. Nature and level of financial risk arising from financial instruments (cont'd)

##### k) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

##### Liquidity table

The following tables has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interests that will be charged and interests that will be paid over the Company's assets and liabilities.

##### December 31, 2021

Contract or Expected Maturity	Book Value	Total Expected Cash Outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
<b>Non-derivative financial Liabilities</b>	<b>211.342</b>	<b>215.553</b>	<b>197.439</b>	<b>18.114</b>	-	-
Funds borrowed	202.702	206.913	188.799	18.114	-	-
Factoring payables	7.702	7.702	7.702	-	-	-
Other liabilities	938	938	938	-	-	-

##### December 31, 2020

Contract or Expected Maturity	Book Value	Total Expected Cash Outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial Liabilities	129.763	130.093	92.690	37.403	-	-
Funds borrowed	113.931	114.261	76.858	37.403	-	-
Factoring payables	14.194	14.194	14.194	-	-	-
Other liabilities	1.638	1.638	1.638	-	-	-

---

## **Ekspo Faktoring Anonim Şirketi**

### **Notes to the Financial Statements for the Period Ended December 31, 2021**

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

#### **34. Nature and level of financial risk arising from financial instruments (cont’d)**

##### ***l) Fair value of financial instruments***

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

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

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

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

It is anticipated that the presented values of the factoring receivables and the provisions are shown at their fair values, based on their short-term maturities.

#### **35. Fees for Services Received from External Auditor/ External Audit Firm**

January 1 – December 31, 2021 external auditing fee for the reporting period TL 150.000. (December 31, 2020: TL 140.000.).

#### **36. Subsequent events**

None.





**EKSPÖ FAKTORİNG A.Ş.**  
Maslak Mahallesi  
Maslak Meydan Sokak No: 5/B  
Spring Giz Plaza  
Sarıyer 34398 İstanbul  
Phone: 0 212 276 39 59  
Fax: 0 212 276 39 79-80  
e-mail: [info@ekspofaktoring.com](mailto:info@ekspofaktoring.com)  
Swift Code: EKSFTRI2

[www.ekspofaktoring.com](http://www.ekspofaktoring.com)