

Ekspo Faktoring Anonim Őirketi

**Financial statements as of January 1, -
December 31, 2023 together with
independent auditor's report**

*(Convenience translation into English of financial statements originally
issued in Turkish)*

(Convenience translation into English of financial statements originally issued in Turkish)

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, 2023 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, 2023, 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.



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Key audit matter	How our audit addressed the key audit matter
<i>Impairment of factoring receivables</i>	
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.	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. 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.

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.



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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.



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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, 2023 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.

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

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

Fatih Polat, SMMM
Partner

February 28, 2024
Istanbul, Türkiye

Ekspo Faktoring Anonim Şirketi
CONTENTS

PAGE

STATEMENT OF FINANCIAL POSITION	5-6
STATEMENT OF OFF-BALANCE SHEET ITEMS	7
STATEMENT OF PROFIT OR LOSS	8
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT	9
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	10
STATEMENT OF CASH FLOWS	11
PROFIT DISTRIBUTION OF TABLE	12
NOTES TO THE FINANCIAL STATEMENTS	13-56
1 ORGANIZATION AND OPERATIONS OF THE COMPANY	13
2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS	13-30
3 CASH AND CASH EQUIVALENTS.....	31
4 FINANCIAL ASSETS AVAILABLE FOR SALE	31
5 FACTORING RECEIVABLES.....	31-33
6 NON-PERFORMING RECEIVABLES	33-34
7 TANGIBLE ASSETS	34-35
8 INTANGIBLE ASSETS.....	35-36
9 INVESTMENT PROPERTY.....	36-37
10 DEFERRED TAX ASSETS/(LIABILITIES).....	37-38
11 ASSETS HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS.....	38
12 OTHER ASSETS.....	38
13 FUNDS BORROWED	39-39
14 BONDS AND NOTES ISSUED	40
15 FACTORING PAYABLES	40
16 FINANCIAL LEASE OBLIGATIONS	40
17 OTHER PAYABLES	40
18 PROVISIONS.....	40-41
19 MINORITY SHARES	41
20 PAID-IN CAPITAL AND CAPITAL RESERVES.....	41-42
21 PROFIT RESERVES.....	42
22 PRIOR PERIOD'S PROFIT / LOSS	42
23 PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES.....	42-43
24 OPERATING INCOME.....	43
25 OPERATING EXPENSE	43-44
26 OTHER OPERATING INCOME.....	44
27 FINANCIAL EXPENSES.....	44
28 PROVISIONS EXPENSES	44
29 OTHER OPERATING EXPENSES	45
30 RELATED PARTY TRANSACTIONS	45
31 TAX ASSETS AND LIABILITIES	45-46
32 EARNING PER SHARE	47
33 OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR ARE NECESSARY FOR THE FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND UNDERSTANDABLE	47
34 NATURE AND LEVEL OF FINANCIAL RISK ARISING FROM FINANCIAL INSTRUMENTS	47-56
35 FEES FOR SERVICES RECEIVED FROM EXTERNAL AUDITOR / EXTERNAL AUDIT FIRM	56
36 SUBSEQUENT EVENTS	56

Ekspo Faktoring A.Ş.

Financial position (balance sheet) as of December 31, 2023

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

ASSETS	Notes	Audited current period December 31, 2023			Audited previous period December 31, 2022		
		TL	FC	Total	TL	FC	Total
I. CASH, CASH EQUIVALENTS AND THE CENTRAL BANK	3	9.657	12.728	22.385	25.931	25.182	51.113
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (NET)		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL ASSETS	2.5	-	-	-	-	-	-
IV. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	4	-	-	-	-	-	-
V. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		863.426	167.392	1.030.818	592.153	109.775	701.928
5.1 Factoring Receivables	5	863.426	167.392	1.030.818	592.153	109.775	701.928
5.1.1 Discounted Factoring Receivables (Net)		360.104	-	360.104	363.960	-	363.960
5.1.2 Other Factoring Receivables		503.322	167.392	670.714	228.193	109.775	337.968
5.2 Financing Loans		-	-	-	-	-	-
5.2.1 Consumer Loans		-	-	-	-	-	-
5.2.2 Credit Cards		-	-	-	-	-	-
5.2.3 Installment Commercial Loans		-	-	-	-	-	-
5.3 Lease Receivables (Net)		-	-	-	-	-	-
5.3.1 Finance Lease Receivables		-	-	-	-	-	-
5.3.2 Operational Lease Receivables		-	-	-	-	-	-
5.3.3 Unearned Income (-)		-	-	-	-	-	-
Other Financial Assets Measured at Amortized Cost		-	-	-	-	-	-
5.4 Amortized Cost		-	-	-	-	-	-
5.5 Non-Performing Receivables	6	23.143	-	23.143	21.953	-	21.953
Expected Loss Provisions/Specific Provisions (-)	6	(23.143)	-	(23.143)	(21.953)	-	(21.953)
VI. EQUITY INVESTMENTS		-	-	-	-	-	-
6.1 Associates (Net)		-	-	-	-	-	-
6.2 Subsidiaries (Net)		-	-	-	-	-	-
6.3 Joint Ventures (Net)		-	-	-	-	-	-
VII. TANGIBLE ASSETS (Net)	7	1.485	-	1.485	1.837	-	1.837
VIII. INTANGIBLE ASSETS (Net)	8	241	-	241	286	-	286
IX. INVESTMENT PROPERTIES (Net)	9	32.360	-	32.360	32.469	-	32.469
X. CURRENT PERIOD TAX ASSETS		-	-	-	-	-	-
XI. DEFERRED TAX ASSETS	10	37.751	-	37.751	7.695	-	7.695
XII. OTHER ASSETS	12	6.861	-	6.861	2.968	19	2.987
SUBTOTAL		951.781	180.120	1.131.901	663.339	134.976	798.315
ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	11	-	-	-	-	-	-
13.1 Assets Held For Sale		-	-	-	-	-	-
13.2 Assets of Discontinued Operations		-	-	-	-	-	-
TOTAL ASSETS		951.781	180.120	1.131.901	663.339	134.976	798.315

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.

(Convenience translation into English of financial statements originally issued in Turkish)

Ekspo Faktoring A.Ş.

Financial position (balance sheet) as of December 31, 2023

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

LIABILITIES	Notes	Audited current period December 31, 2023			Audited previous period December 31, 2022		
		TL	FC	Total	TL	fc	Total
I. FUNDS BORROWED	13	583.463	-	583.463	466.435	30	466.465
II. FACTORING LIABILITIES	15	32.314	5.498	37.812	2.186	8.666	10.852
III. LEASE LIABILITIES (NET)	16	-	-	-	-	-	-
IV. DEBT SECURITIES ISSUED (Net)	14	-	-	-	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS							
V. LOSS (NET)		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
VII. PROVISIONS	18	4.415	-	4.415	2.971	-	2.971
7.1 Restructuring Reserves		-	-	-	-	-	-
7.2 Reserves for Employee Benefits		4.415	-	4.415	2.971	-	2.971
7.3 General Provisions		-	-	-	-	-	-
7.4 Other Provisions		-	-	-	-	-	-
VIII. CURRENT PERIOD TAX LIABILITY	31	29.234	-	29.234	10.598	-	10.598
IX. DEFERRED TAX LIABILITY		-	-	-	-	-	-
X. SUBORDINATED DEBT INSTRUMENTS		-	-	-	-	-	-
XI. OTHER LIABILITIES	17	7.029	8	7.037	1.652	11	1.663
SUBTOTAL		656.455	5.506	661.961	483.842	8.707	492.549
PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
XII. OPERATIONS (Net)		-	-	-	-	-	-
12.1 Held for Sale		-	-	-	-	-	-
12.2 Discontinued Operations		-	-	-	-	-	-
XIII. SHAREHOLDERS' EQUITY		469.940	-	469.940	305.766	-	305.766
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		-	-	-	-	-	-
Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		-	-	-	-	-	-
13.3		-	-	-	-	-	-
Reclassified subsequently to Profit or Loss		-	-	-	-	-	-
13.4		-	-	-	-	-	-
13.5 Profit Reserves	21	16.846	-	16.846	16.846	-	16.846
13.5.1 Legal Reserves		16.846	-	16.846	16.846	-	16.846
13.5.2 Statutory Reserves		-	-	-	-	-	-
13.5.3 Extraordinary Reserves		-	-	-	-	-	-
13.5.4 Other Profit Reserves		-	-	-	-	-	-
13.6 Profit or Loss		393.094	-	393.094	228.920	-	228.920
13.6.1 Prior Periods Profit/Loss	22	218.920	-	218.920	153.933	-	153.933
13.6.2 Current Period Profit/Loss		174.174	-	174.174	74.987	-	74.987
TOTAL LIABILITIES AND EQUITY		1.126.395	5.506	1.131.901	789.608	8.707	798.315

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Ekspo Faktoring A.Ş.

Statement of off-balance sheet items as of December 31, 2023

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

OFF-BALANCE SHEET ITEMS	Notes	Audited current period December 31, 2023			Audited previous period December 31, 2022		
		TL	FC	Total	TL	FC	Total
I. IRREVOCABLE FACTORING TRANSACTIONS		74.050	129.778	203.828	30.860	56.325	87.185
II. REVOCABLE FACTORING TRANSACTIONS	5	406.486	10.206	416.692	243.294	7.243	250.537
III. COLLATERALS RECEIVED	5-23	9.559.464	4.537.728	14.097.192	7.518.013	2.969.978	10.487.991
IV. COLLATERALS GIVEN	23	252.794	-	252.794	110.596	-	110.596
V. COMMITMENTS		-	-	-	-	-	-
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		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
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		-	-	-	-	-	-
VII. ITEMS HELD IN CUSTODY		1.090.923	694.365	1.785.288	806.219	532.840	1.339.059
TOTAL OFF-BALANCE SHEET ITEMS		11.383.717	5.372.077	16.755.794	8.708.982	3.566.386	12.275.368

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

Ekspo Faktoring A.Ş.

**Statement of profit or loss and other comprehensive income
for the period ended December 31, 2023**

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

STATEMENT OF PROFIT OR LOSS		Notes	Current Period Audited January-1, December 31, 2023	Previous Period Audited January 1, - December 31, 2022
I.	OPERATING INCOME	24	349.071	190.908
	FACTORING INCOME		349.071	190.908
1.1	Interest Received from Factoring Receivables		299.388	183.794
1.1.1	Discounted		136.963	99.810
1.1.2	Other		162.425	83.984
1.2	Fees and Commissions Received from Factoring Receivables		49.683	7.114
1.2.1	Discounted		38.068	3.986
1.2.2	Other		11.615	3.128
	INCOME FROM FINANCING LOANS		-	-
1.3	Interest Received from Finance Loans		-	-
1.4	Fees and Commissions Received from Finance Loans		-	-
	LEASE INCOME		-	-
1.5	Financial Lease Income		-	-
1.6	Operating Lease Income		-	-
1.7	Fees and Commissions Received from Lease Income		-	-
II.	FINANCIAL EXPENSES (-)	27	(128.432)	(77.575)
2.1	Interest Expenses on Funds Borrowed		(112.681)	(71.841)
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		(15.751)	(5.734)
III.	GROSS PROFIT/LOSS (I+II)		220.639	113.333
IV.	OPERATING EXPENSE (-)	25	(71.380)	(44.068)
4.1	Personnel Expenses		(51.559)	(32.104)
4.2	Provision Expense for Employment Termination Benefits		(1.183)	(583)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(18.208)	(11.165)
4.5	Other		(430)	(216)
V.	OPERATING GROSS PROFIT/LOSS (III+IV)		149.259	69.265
VI.	OTHER OPERATING INCOME	26	81.580	35.329
6.1	Interest Received from Banks		3.915	12
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		77.199	35.252
6.7	Other		466	65
VII.	PROVISIONS FOR DOUBTFUL RECEIVABLES (-)	28	(1.584)	(1.984)
7.1	Specific Provisions		(1.584)	(1.984)
7.2	Expected Loss Provisions		-	-
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	OTHER OPERATING EXPENSES (-)	29	(10.505)	(1.974)
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		(10.505)	(1.974)
8.6	Other		-	-
IX.	NET OPERATING INCOME/EXPENSE (V+...+VIII)		218.750	100.636
X.	INCOME RESULTED FROM MERGER		-	-
XI.	SHARES FROM PROFITS AND LOSSES OF INVESTMENT VALUED BY EQUITY METHOD		-	-
XII.	NET MONETARY POSITION GAIN/LOSS		-	-
XIII.	PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS (IX+X+XI)		218.750	100.636
XIV.	TAXATION ON INCOME FROM CONTINUING OPERATIONS (±)	31	(44.576)	(25.649)
13.1	Current Tax Provision		(74.632)	(30.438)
13.2	Deferred Tax Expense Effect (+)		-	-
13.3	Deferred Tax Income Effect (-)		30.056	4.789
XV.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)		174.174	74.987
XVI.	INCOME FROM DISCONTINUING OPERATIONS		-	-
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		-	-
XVII.	EXPENSES FROM DISCONTINUING OPERATIONS (-)		-	-
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		-	-
XVIII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUING OPERATIONS (XVI-XVII)		-	-
XIX.	TAXATION ON INCOME FROM DISCONTINUING OPERATIONS (±)		-	-
18.1	Current Tax Provision		-	-
18.2	Deferred Tax Expense Effect (+)		-	-
18.3	Deferred Tax Income Effect (-)		-	-
XX.	NET PROFIT/LOSS FROM DISCOUNTED OPERATIONS (XVIII±XIX)		-	-
XXI.	NET PROFIT/LOSSES (XV+XX)		174.174	74.987

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

(Convenience translation into English of financial statements originally issued in Turkish)

Ekspo Faktoring A.Ş.

**Statement of profit or loss and other comprehensive income
for the period ended December 31, 2023**

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

INCOME OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT ITEMS		NOTES	Audited	Audited
			Current Period January 1- December 31, 2023	Previous Period January 1- December 31, 2022
I.	PERIOD INCOME/LOSS		174.174	74.987
II.	OTHER COMPREHENSIVE INCOME		-	-
2.1	Other comprehensive income or expense that will not be reclassified		-	-
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		-	-
2.2	Other comprehensive income or expense that will be reclassified		-	-
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		-	-
III.	TOTAL COMPREHENSIVE INCOME (I+II)		174.174	74.987

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.

(Convenience translation into English of financial statements originally issued in Turkish)

Ekspo Faktoring A.Ş.

Statement of changes in shareholders' equity as of December 31, 2023

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

CHANGES IN EQUITY	NOTES					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	
		Paid-in Capital	Share Premium	Share Cancellation	Other Capital Reserves	1	2	3	4	5	6					
PREVIOUS PERIOD (31/12/2022)																
I. Balances at the beginning of the period		60.000	-	-	-	-	-	-	-	-	-	16.512	114.756	45.511	236.779	
II. Corrections made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Adjusted balances (I+II)		60.000	-	-	-	-	-	-	-	-	-	16.512	114.756	45.511	236.779	
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital increase through internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase/decrease due to other changes		-	-	-	-	-	-	-	-	-	-	-	-	74.987	74.987	
XI. Profit distribution		-	-	-	-	-	-	-	-	-	-	334	39.177	(45.511)	(6.000)	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(6.000)	-	(6.000)	
11.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	334	45.177	(45.511)	-	
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end of the period (III+IV+.....+XI+XII)		60.000	-	-	-	-	-	-	-	-	-	16.846	153.933	74.987	305.766	
CURRENT PERIOD (31/12/2023)																
I. Balances at the beginning of the period		60.000	-	-	-	-	-	-	-	-	-	16.846	153.933	74.987	305.766	
II. Corrections made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Adjusted balances (I+II)		60.000	-	-	-	-	-	-	-	-	-	16.846	153.933	74.987	305.766	
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
V. Capital increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital increase through internal resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Inflation adjustments to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase/decrease due to other changes		-	-	-	-	-	-	-	-	-	-	-	-	174.174	174.174	
XI. Profit distribution		-	-	-	-	-	-	-	-	-	-	-	64.987	(74.987)	(10.000)	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	(10.000)	-	(10.000)	
11.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	74.987	(74.987)	-	
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at the end of the period (III+IV+.....+XI+XII)		60.000	-	-	-	-	-	-	-	-	-	16.846	218.920	174.174	469.940	

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 A.Ş.

Statement of cash flows as of December 31, 2023

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

CASH FLOW STATEMENT		Notes	Audited Current Period January 1- December 31, 2023	Audited Previous Period January 1- December 31, 2022
A.	CASH FLOWS FROM OPERATING ACTIVITIES			
1.1	Operating Profit before Changes in Operating Assets and Liabilities		197.095	65.150
1.1.1	Interests Received/ Leasing Income		327.406	201.687
1.1.2	Interests Paid / Leasing Expenses		(112.681)	(71.841)
1.1.3	Leasing Expenses		(2.183)	(2.183)
1.1.4	Dividend Received		-	-
1.1.5	Fees and Commissions Received		49.683	7.114
1.1.6	Other Income		-	-
1.1.7	Collections from Previously Written-off Doubtful Receivables	6	(133)	(9)
1.1.8	Payments to Personnel and Service Suppliers		(51.559)	(32.104)
1.1.9	Taxes Paid	31	(44.576)	(27.615)
1.1.10	Other		31.138	(9.899)
1.2	Changes in Operating Assets and Liabilities		(220.225)	(19.733)
1.2.1	Net (Increase)/Decrease in Factoring Receivables		(354.568)	(290.170)
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		(3.830)	(1.088)
1.2.5	Net Increase/(Decrease) in Factoring Payables		26.960	3.150
1.2.6	Net Increase/(Decrease) in Lease Payables		-	-
1.2.7	Net Increase/(Decrease) in Funds Borrowed		116.998	263.763
1.2.8	Net Increase/(Decrease) in Due Payables		-	-
1.2.9	Net Increase/(Decrease) in Other Liabilities		(5.785)	4.612
I.	Net Cash Used in Operating Activities		(23.130)	45.417
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
2.1	Acquisition of Investments, Associates and Subsidiaries		-	-
2.2	Disposal of Investments, Associates and Subsidiaries		-	-
2.3	Purchases of Property and Equipment	7,8,9	(498)	(30.231)
2.4	Disposals of Property and Equipment		-	28
	Purchase of Investments Designated at Fair Value Through Other Comprehensive Income		-	-
2.5	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		796	(334)
II.	Net Cash (Used in)/Provided from Investing Activities		298	(30.537)
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
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	(10.000)	(6.000)
3.5	Payments for Finance Leases		-	-
3.6	Other		-	-
III.	Net Cash (Used in)/Provided from Financing Activities		(10.000)	(6.000)
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		4.103	4.056
V.	Net Increase/(Decrease) in Cash and Cash Equivalents		(28.729)	12.936
VI.	Cash and Cash Equivalents at Beginning of the Period	3	51.114	16.747
VII.	Cash and Cash Equivalents at End of the Period	3	22.385	29.683

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

Ekspo Faktoring A.Ş.

Profit distribution table as of December 31, 2023

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

		Current Period- December 31, 2023(*)(**)	Previous Period December 31, 2022
I.	DISTRIBUTION OF CURRENT PERIOD PROFIT (*)		
1.1	CURRENT PERIOD PROFIT	218.750	100.636
1.2	TAXES AND DUES PAYABLE (-)	(44.576)	(25.649)
1.2.1	Corporate Tax (Income Tax)	(74.632)	(30.438)
1.2.2	Withholding Tax	-	-
1.2.3	Other taxes and dues (**)	30.056	4.789
A.	NET PERIOD PROFIT (1.1-1.2)	174.174	74.987
1.3	PRIOR YEARS LOSSES (-)	218.920	153.933
1.4	FIRST LEGAL RESERVE (-) (-)	8.709	3.749
1.5	OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-)	-	-
B	DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3-1.4-1.5)]	165.465	71.238
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	(10.000)
1.6.1	To Owners of Ordinary Shares	-	(10.000)
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	-	-
II.	DISTRIBUTION FROM RESERVES		
2.1	DISTRIBUTED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	SHARE TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Preferred Stocks	-	-
2.3.3	To Owners of Preferred Stocks (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 (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF STOCKS	3,65	1,68
3.2	TO OWNERS OF STOCKS (%)	364,58	167,73
3.3	TO OWNERS OF PREFERRED STOCKS	-	-
3.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF STOCKS	-	0,17
4.2	TO OWNERS OF STOCKS (%)	-	17
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 30.056 (2022: TL 4.789 deferred tax income) was not taken into account in the calculation of distributable profit.

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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 Türkiye to provide factoring services to industrial and commercial firms and registered to Turkish Trade Registry on June 2, 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 Türkiye.

As of December 31, 2023, the number of employees of the Company is 32 (December 31, 2022: 32). The Company's trade registry address, Maslak Maslak Mah. Meydan Sokak No: 5 / B Spring Giz Plaza Sarıyer-Istanbul / Türkiye. The company mainly continues its factoring operations in a single geographical region (Türkiye).

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 December 13, 2012 and the Establishment and Main Activities of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette No: 28267 on April 24, 2013.

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

	31 December 2023	Share (%)	31 December 2022	Share (%)
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
Capital	60.000	100,00	60.000	100,00

Authorization of Financial Statements

The Board of Directors has approved the publication of financial statements of the Company on February 28, 2024. The General Assembly has the authority to modify the financial statements.

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 December 24, 2013, numbered 28861; and in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/IFRS") 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.

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 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 (IFRS)' and its supplements and interpretations.

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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)

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.

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.

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 December 31, 2004 were adjusted to compensate for the effect of changes in the general purchasing power of the Turkish Lira based on TAS 29 Financial Reporting in Hyperinflationary Economies. Turkish Economy is accepted to come off its highly inflationary status as of January 1, 2005. Based on this consideration, TAS 29 has not been applied in the preparation of the financial statements since January 1, 2006.

Entities whose functional currency is the currency of a hyperinflationary economy present their financial statements in terms of the measuring unit current at the end of the reporting period according to "TAS 29 Financial Reporting in Hyperinflation Economies". Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying Turkish Financial Reporting Standards (TFRSs) are required to present their financial statements by adjusting for the impact of inflation for the annual reporting period ending on or after December 31, 2023, in accordance with the accounting principles specified in TAS 29. In the same announcement, it was stated that institutions or organizations authorized to regulate and supervise in their respective scope might determine different transition dates for the implementation of inflation accounting, and in this context, Banking Regulation and Supervision Agency (BRSA) announced that financial statements of banks, financial leasing, factoring, financing, savings financing and asset management companies as of December 31, 2023 would not be subject to the inflation adjustment in accordance with BRSA Board decision on December 12, 2023.

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

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

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.

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, 2023 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, 2023 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 at January 1, 2023 are as follows:

Amendments to TMS 8 – Definition of Accounting Estimates

In August 2021, POA issued amendments to IAS 8 that introduce a new definition for "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and corrections of errors. In addition, the amended standard clarifies that the effects of a change in an input or a change in a measurement technique on an accounting estimate are changes in accounting estimates unless they result from corrections of prior period errors. The previous definition of a change in accounting estimate stated that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not considered corrections of errors. This aspect of the definition has been retained by POA. The amendments are to be applied to changes in accounting estimates or changes in accounting policies that occur on or after the effective date.

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

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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)

Amendments to TMS 1 – Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1 that provide guidance and examples to help entities apply materiality estimates to accounting policy disclosures. As there is no definition of the term 'significant' in IFRSs, the POA decided to replace it with the term 'important' in the context of disclosing accounting policy information. 'Significant' is a defined term in TFRS and, according to POA, is substantially understood by users of financial statements. When assessing the materiality of accounting policy information, entities should consider both the size of the transactions, other events or circumstances, and their nature. The amendments also add examples of circumstances in which an entity may consider accounting policy information to be material.

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

Amendments to TMS 12 – Deferred tax on assets and liabilities arising from a single transaction

In August 2021, POA issued amendments to TAS 12 that narrow the scope of the initial recognition exception so that the exception does not apply to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments made in respect of a liability are deductible for tax purposes, it is a matter of judgment (taking into account applicable tax law) whether such deductions are attributable for tax purposes to the liability (and interest expense) or the related asset component (and interest expense) recognized in the financial statements. This judgment is important in determining whether any temporary difference exists on initial recognition of the asset and liability. The amendments are applied to transactions occurring on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period, deferred tax assets (provided there is sufficient taxable income) and deferred tax liabilities are recognized for all deductible and taxable temporary differences related to leases and decommissioning, restoration and similar obligations.

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

Amendments to TMS 12 – International Tax Reform – Second Pillar Model Rules

In September 2023, POA issued amendments to TAS 12 that introduce a mandatory exception to the recognition and disclosure of deferred tax assets and liabilities related to Second Pillar income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws that have been enacted, or are substantively enacted, for the purpose of applying the Second Pillar Model Rules issued by the Organization for Economic Cooperation and Development (OECD). These amendments also introduce certain disclosure requirements for entities affected by such tax laws. The exemption from recognizing and disclosing information about deferred income taxes and the disclosure requirement that the exemption has been applied are applied when the amendment is issued. However, certain disclosure requirements of the amendment are not mandatory for interim periods ending before December 31, 2023.

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

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

The new standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of authorization of the financial statements and have not been early adopted by the Company are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting the financial statements and Footnotes, after the new standards and interpretations become effective.

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

2.4 The new standards, amendments and interpretations (cont'd)

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets by an Investor to an Associate or Joint Venture

In December 2017, POA postponed the effective date of the amendments to TFRS 10 and TAS 28 indefinitely, subject to the outcome of the ongoing research project on the equity method. However, early adoption is still permitted.

The Company will assess the impact of these amendments when the standards are finalized.

TFRS 17 – New Insurance Contracts Standard

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. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA.

The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

TMS 1 Amendments - Classification of liabilities as short and long term

In January 2021 and January 2023, the POA made changes to TMS 1 to determine the principles for short- and long-term classification of liabilities. According to the amendments made in January 2023, if the entity's right to defer payment of an obligation depends on its compliance with the terms of the loan agreement at a date after the reporting period, it has the right to defer the obligation in question as of the end of the reporting period (even if it does not comply with the relevant conditions at the end of the reporting period). When a loan contractual obligation is classified as long-term and the business's right to defer payment is conditioned on compliance with the terms of the loan contract within 12 months, the January 2023 amendments require businesses to make various disclosures. These disclosures should include information about the loan contract terms and related obligations. In addition, these amendments clarify that the right to defer payment for long-term classification must exist as of the end of the reporting period, regardless of whether compliance with the terms of the contract will be tested at the reporting date or at a later date. In the amendments, it is clearly stated that the possibility of the entity not exercising its right to postpone the payment for at least twelve months after the reporting period will not affect the classification of the liability. The changes are effective for annual accounting periods beginning on or after January 1, 2024. The changes made are applied retroactively according to TAS 8. Early application is allowed. However, the business that implements any of the changes early is obliged to implement the other change early as well.

The change in question does not apply to the Company and has no impact on its financial position or performance.

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

2.4 The new standards, amendments and interpretations (cont'd)

TFRS 16 Amendments – Lease obligations in sale and leaseback transactions

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

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

TMS 7 and TFRS 7 Amendments – Explanations: Supplier Financing Agreements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted but will need to be disclosed.

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

iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IAS 21 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the amendments are issued and become effective under TFRS.

Amendments to IAS 21 - Lack of exchangeability

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

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

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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

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.

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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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.

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, 2023

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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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, 2023 (December 31, 2022: 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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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, 2023 (financial assets available for sale on December 31, 2022 : 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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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, 2023 and December 31, 2022.

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.

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.

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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)

(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:

<u>Description</u>	<u>Years</u>
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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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.

	December 31, 2023	December 31, 2022
Net discount rate	%3,43	%2,33

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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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, 2023 and December 31, 2022 are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
USD	29,4382	18,6983
EURO	32,5739	19,9349
GBP	37,4417	22,4892

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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

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

3. Cash and cash equivalents

	December 31, 2023		December 31, 2022	
	TL	FC	TL	FC
Cash	-	-	1	-
Banks	9.657	12.728	25.930	25.182
~ Demand Deposit	9.657	12.728	25.930	25.182
~ Time Deposits	-	-	-	-
Total	9.657	12.728	25.931	25.182
Blocked deposits (*)	-	-	-	(21.430)
Cash and cash equivalents in the statement of cash flows	9.657	12.728	25.931	3.752

(*) As of December 31, 2023, there is no blockage on bank deposits. (December 31, 2022: TL 21.430).

As of December 31, 2023, the Company has no bank deposits (December 31, 2022: None).

4. Financial assets available for sale

None (December 31, 2022: None).

5. Factoring receivables

	December 31, 2023		December 31, 2022	
	TL	FC	TL	FC
Discounted Factoring receivables	360.104	-	363.960	-
Other Factoring receivables	503.322	167.393	228.195	109.775
	863.426	167.393	592.155	109.775
	December 31, 2023		December 31, 2022	
	TL	FC	TL	FC
Domestic Factoring Receivables(*)	863.426	-	592.155	-
Export and Import Factoring Receivables	-	167.393	-	109.775
Non-performing Factoring Receivables (**)	23.143	-	21.953	-
Gross factoring receivables	886.569	167.393	614.108	109.775
Provision for Factoring Receivables	(23.143)	-	(21.953)	-
Factoring receivables, Net	863.426	167.393	592.155	109.775

(*) The Company has an unearned receivable about TL 53.977 TL from domestic factoring receivables by the date of December 31, 2023 (December 31, 2022: TL 29.874).

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

Ekspo Faktoring A.Ş.**Notes to the financial statements for the period ended December 31, 2023***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***5. Factoring receivables (cont'd)**

As of December 31, 2023 and 2022, distribution of gross factoring receivables are as follows:

	December 31, 2023	December 31, 2022
Fixed rate	414.081	393.834
Floating rate	657.597	335.136
	1.071.678	728.970

Analysis of factoring receivables are as follows:

	December 31, 2023	December 31, 2022
Neither past due nor impaired	1.030.818	701.930
Past due but not impaired	-	-
Impaired	23.143	21.953
Gross	1.053.961	723.883
(Loss): Specific provision for impaired factoring receivables	(23.143)	(21.953)
Factoring receivables and non-performing receivables (net)	1.030.818	701.930

The sectoral distribution of factoring receivables as of December 31, 2023 and December 31, 2022 are as follows:

	December 31, 2023		December 31, 2022	
	Total	%	Total	%
Textile	207.399	20	269.630	39
Chemicals and pharmaceuticals	148.783	14	57.745	8
Retail and wholesale Trade	130.260	13	57.865	8
Iron, steel, coal, petroleum, other mines	114.320	11	80.698	12
Tourism	109.727	11	1.124	-
Leather industry	93.519	9	42.801	6
Construction-contracting services	56.734	6	27.463	4
Wood and Wooden Products	56.245	5	77.746	11
Transportation, storage and communication	38.978	4	9.722	1
Non-metallic minerals industry	26.181	3	14.319	2
Machinery and equipment industry	23.391	2	3.942	1
Research	4.184	-	25.617	4
Computer and computer equipment	1.208	-	2.632	-
Other	19.889	2	30.624	4
	1.030.818	100	701.928	100

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

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

5. Factoring receivables (cont'd)

As of December 31, 2023 and 2022, distribution of revocable factoring transactions are as follows:

	December 31, 2023	December 31, 2022
Customer Checks	416.692	250.537
	416.692	250.537

As of December 31, 2023 and 2022, distribution of collaterals received for factoring receivables are as follows:

	December 31, 2023		December 31, 2022	
	TL	FC	TL	FC
Received Bails (*)	9.197.874	3.968.773	7.363.176	2.507.459
Collateral Checks and Bills	361.590	568.955	154.837	462.519
	9.559.464	4.537.728	7.518.013	2.969.978

(*) 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 BRSA on December 24, 2013 and numbered 28861.

	December 31, 2023	December 31, 2022
Non-performing factoring receivables	23.143	21.953
Specific provisions	(23.143)	(21.953)
	-	-

The aging of the past due factoring receivables as of December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Up to 90 days	323	920
Between 90-180 days	-	-
Between 180-360 days	1.000	-
360 days and above	21.820	21.033
	23.143	21.953

Ekspo Faktoring A.Ş.**Notes to the financial statements for the period ended December 31, 2023***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***6. Non-performing receivables (cont'd)**

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

	January 1 – December 31, 2023	January 1- December 31, 2022
Balance as of January 1	21.953	21.042
Provision expense during the period	1.323	920
Collections	(133)	(9)
Balance at the end of the period	23.143	21.953

7. Tangible Assets

	January 1, 2023	Addition	Disposal	December 31, 2023
Cost				
Furniture ve fixture	947	96	(318)	725
Vehicle	2.039	-	-	2.039
Special costs	341	402	-	743
Other	837	-	-	837
	4.164	498	(318)	4.344
		Current year		
	January 1, 2023	depreciation	Disposal	December 31, 2023
Accumulated Depreciation				
Furniture ve fixture	706	481	(79)	1108
Vehicle	1.280	120	-	1.400
Special costs	341	10	-	351
	2.327	611	(79)	2.859
Net book value	1.837			1.485

Ekspo Faktoring A.Ş.**Notes to the financial statements for the period ended December 31, 2023***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***7. Tangible Assets (cont'd)**

	January 1, 2022	Addition	Disposal	December 31, 2022
Cost				
Furniture ve fixture	862	113	(28)	947
Vehicle	2.039	-	-	2.039
Special costs	341	-	-	341
Other	837	-	-	837
	4.079	113	(28)	4.164
	January 1, 2022	Current year depreciation	Disposal	December 31, 2022
Accumulated Depreciation				
Furniture ve fixture	605	129	(28)	706
Vehicle	1.280	-	-	1.280
Special costs	341	-	-	341
	2.226	129	(28)	2.327
Net book value	1.853			1.837

As of December 31, 2023, 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, 2022, the net book value of tangible fixed assets is TL 1.837).

8. Intangible assets

	January 1, 2023	Addition	Disposal	December 31, 2023
Cost				
Computer softwares and rights	698	-	(365)	698
	698	-	(365)	698
	January 1, 2023	Amortization	Disposal	December 31, 2023
Accumulated Amortization				
Computer softwares and rights	412	45	(365)	92
	412	45	(365)	92
Net book value	286			241

Ekspo Faktoring A.Ş.**Notes to the financial statements for the period ended December 31, 2023***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***8. Intangible assets (cont'd)**

	January 1, 2022	Addition	Disposal	December 31, 2022
Cost				
Computer softwares and rights	698	-	-	698
	698	-	-	698
	January 1, 2022	Amortization	Disposal	December 31, 2022
Accumulated Amortization				
Computer softwares and rights	404	8	-	412
	404	8	-	412
Net book value	294			286

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, 2023	Addition	Disposal	December 31, 2023
Cost				
Investment Property	32.469	-	-	32.469
	32.469	-	-	32.469
	January 1, 2023	Current year depreciation	Disposal	December 31, 2023
Accumulated Depreciation				
Investment Property	-	109	-	109
	-	-	-	109
Net Book Value	32.469			32.360

Ekspo Faktoring A.Ş.**Notes to the financial statements for the period ended December 31, 2023***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***9. Investment Property (cont'd)**

	January 1, 2022	Addition	Disposal	December 31, 2022
Cost				
Investment Property	2.351	30.118	-	32.469
	2.351	30.118	-	32.469
	January 1, 2022	Current year depreciation	Disposal	December 31, 2022
Accumulated Depreciation				
Investment Property	-	-	-	-
	-	-	-	-
Net Book Value	2.351			32.469

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 Taxes Related to Turkish 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.

As of December 31 2023, 30% tax rate is used for temporary differences that are expected to be realized / closed (As of December 31, 2022)

	Temporary differences		Deferred tax assets/(liabilities)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Employee severance payments	4.415	2.971	1.325	743
Prepaid commissions	4.555	337	1.367	84
Tangible and intangible assets	62.890	-	18.867	-
Unearned interest income	53.977	29.874	16.192	7.469
Deferred tax assets	125.837	33.182	37.751	8.296
Tangible and intangible assets	-	(2.405)	-	(601)
Deferred tax liabilities	-	(2.405)	-	(601)
Deferred tax assets (net)	125.837	30.777	37.751	7.695

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

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

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

Movement of deferred tax asset is as follows:

	2023	2022
Beginning balance, January 1	7.695	2.906
Deferred tax income/(expense)	30.056	4.789
Closing balance, December 31	37.751	7.695

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

None (December 31, 2022: None)

12. Other assets

	December 31, 2023		December 31, 2022	
	TL	FC	TL	FC
Receivables from customers (*)	6.842	-	2.949	19
Prepaid expenses	19	-	19	-
	6.861	-	2.968	19

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

13. Funds Borrowed

	December 31, 2023	December 31, 2022
Short-term bank borrowings	583.463	466.465
	583.463	466.465

The details of bank borrowings are as follows:

Currency	Average Interest rate%	Maturity	December 31, 2023
TL	46,23%	January 2024 – March 2024	583.463
			583.463

Currency	Average Interest rate %	Maturity	December 31, 2022
TL	17,29%	January 2023 – March 2023	466.435
			466.435

Ekspo Faktoring A.Ş.**Notes to the financial statements for the period ended December 31, 2023***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***13. Funds Borrowed (cont'd)**

Currency	Average Interest rate%	Maturity	December 31, 2023
USD	-	-	-
			-

Currency	Average Interest rate%	Maturity	December 31, 2022
USD	-	-	-
			-

Currency	Average Interest rate%	Maturity	December 31, 2023
EUR	-	-	-
			-

Currency	Average Interest rate%	Maturity	December 31, 2022
EUR	%	January 2023 – March 2023	

	December 31, 2023		December 31, 2022	
	TL	FC	TL	FC
Fixed rate	538.563	-	466.435	30
Floating rate	44.900	-	-	-
	583.463	-	466.435	30

Ekspo Faktoring A.Ş.**Notes to the financial statements for the period ended December 31, 2023***(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)***14. Bonds and notes issued**

None (December 31, 2022: None)

15. Factoring payables

	December 31, 2023	December 31, 2022
Factoring payable	37.812	10.852
	37.812	10.852

16. Financial lease obligations

None (December 31, 2022: None)

17. Other payables

	December 31, 2023		December 31, 2023	
	TL	FC	TL	FC
Fees and commissions collected in advance	4.553	3	337	3
Suppliers payable	2.476	5	1.315	8
	7.029	8	1.652	11

18. ProvisionsReserves For Employee Benefits

	December 31, 2023	December 31, 2022
Provision for employment termination benefits	4.415	2.971
Provision for unused vacation	-	-
	4.415	2.971

Provision for employment termination benefits

Provision for employment termination benefits table is as follows:

	December 31, 2023	December 31, 2022
January 1, beginning	2.971	1.324
Interest rate	898	897
Service cost	1.523	899
Payments during the period	(976)	(149)
Actuarial (gain) / loss	-	-
Balance at the end of the period	4.415	2.971

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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 23.490 (2022: TL 15.371) as of December 31, 2023 (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.

TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans.

As of December 31, 2023 and December 31, 2022, the Company pays severance pay based on estimated inflation rates and factors arising from its own experience with the resignation or termination of employment of personnel, and determines that the vested benefits are based on the government bond interest rate valid on the relevant balance sheet dates and "Projected Unit Loan". It has commissioned an independent actuarial study that discounts using the method and reflected it in its financial statements. Provisions at the balance sheet dates are calculated using the assumptions of 20,90% annual inflation, 25.05% interest rate and approximately 3,43% real discount rate (31 December 2022: 19,16% annual inflation, 21.94% interest rate and a real discount rate of approximately 2,33%).

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, 2022: None).

20. Paid-In Capital and Capital Reserves

Paid in-capital

As of 31 December 2023, the Company's core capital is 60.000.000 TL (31 December 2022: 60.000.000 TL). As of December 31, 2023, the Company has 60.000.000 (December 31, 2022: 60.000.000) non-privileged shares with a value of TL 1 (December 31, 2022: TL 1). The registered capital of the Company consists of 60.000.000 shares with a value of 1 TL each (in full TL amount).

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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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 10.000.000 in July 2023 as dividends to shareholders from the profit of 2022 (with a full amount of TL) (2022: 6.000.000 TL).

21. Profit reserves

As of December 31, 2023 and 2022 profit reserves are as follows:

	December 31, 2023	December 31, 2022
Legal reserves	16.846	16.846
	16.846	16.846

22. Prior Period's Profit / Loss

	December 31, 2023	December 31, 2022
Prior periods profit/(loss)	218.920	153.933
	218.920	153.933

23. Provisions, contingent assets and contingent liabilities

23.1 Letters of Guarantee Received

As of December 31, 2023, and 2022, the details of the Company's items held in custody is as follows:

	December 31, 2023		December 31, 2022	
	TL	FC	TL	FC
Received Bails (*)	9.197.874	3.968.773	7.363.176	2.507.459
Customers' Notes	281.882	513.572	106.159	444.813
Customers' Cheques	79.708	55.383	48.678	17.706
	9.559.464	4.537.728	7.518.013	2.969.978

(*) 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 A.Ş.**Notes to the financial statements for the period ended December 31, 2023***(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, 2023 and 2022 are as follows:

	December 31, 2023		December 31, 2022	
	TL	FC	TL	FC
Letters of guarantee given to banks	245.294	-	103.096	-
Bails in favor of customers	7.500	-	7.500	-
	252.794	-	110.596	-

24. Operating income

	January 1- December 31, 2023	January 1- December 31, 2022
Factoring interest income	299.388	183.794
Factoring commission and other income	49.683	7.114
	349.071	190.908

25. Operating expense

	January 1- December 31, 2023	January 1- December 31, 2022
Personnel expenses	51.559	32.104
Rent expenses	4.406	4.406
Provisions for employee termination benefits expense	2.420	583
Subscription fee	1.817	1.818
Information technologies expenses	1.629	968
Audit and consultancy expenses	1.064	447
Vehicle expenses	800	441
Amortization and depreciation expenses	782	114
Taxes, duties, fees and funds	430	216
Representation expenses	1.074	399
Advertisement expenses	128	71
Other	5.271	2.501
	71.380	44.068

Ekspo Faktoring A.Ş.**Notes to the financial statements for the period ended December 31, 2023***(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, 2023 and December 31, 2022 are as follows:

	January 1- December 31, 2023	January 1- December 31, 2022
Salary expenses	43.275	28.870
Social security premium employer's share	3.278	1.510
Insurance expenses	1.918	795
Transportation expenses	762	339
Meal expenses	1.174	396
Unemployment security employer's share	146	106
Other	1.006	88
	51.559	32.104

26. Other operating income

	January 1- December 31, 2023	January 1- December 31, 2022
Foreign currency gain	77.199	35.252
Provision no longer required	466	65
Interest received from banks	3.915	12
	81.580	35.329

27. Financial expenses

	January 1- December 31, 2023	January 1- December 31, 2022
Interest expense on bank borrowings	112.681	71.841
Fees and commissions expenses	15.751	5.734
	128.432	77.575

28. Provisions Expenses

As of December 31, 2023 and 2022 provisions are as follows:

	January 1- December 31, 2023	January 1- December 31, 2022
Provision expenses	(1.584)	(1.984)
	(1.584)	(1.984)

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

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

29. Other operating expenses

	January 1- December 31, 2023	January 1- December 31, 2022
Foreign exchange loss	10.505	1.974
	10.505	1.974

30. Related Party Transactions

The detail of related party transactions as of December 31, 2023 and December 31, 2022 are as follows:

	January 1- December 31, 2023	January 1- December 31, 2022
M. Semra Tümay – rent expenses	6.375	4.406
	6.375	4.406

Top management fees and rights:

As of December 31, 2023, total amount of salaries and similar benefits provided to top management is TL 30.000 (December 31, 2022: TL 22.383).

31. Tax assets and liabilities

Corporation Tax

On July 5, 2023, amendments were made to the Corporate Tax Law No. 5520 with the Law proposed to the Grand National Assembly of Turkey and published in the Official Gazette dated July 15, 2023. Accordingly, starting from the declarations to be submitted as of October 1, 2023, the corporate tax rate has been increased from 25% to 30% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. The net corporate income of companies after adjusting for certain disallowable expenses and deducting certain exemptions and allowances for tax purposes. If no profit is distributed, no further tax is payable.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is applied as 10% in accordance with the Presidential Resolution published in the Official Gazette dated December 22, 2021. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax. The addition of profit to capital is not considered profit distribution and withholding tax is not applied.

Dividends paid to non-resident corporations, which have a place of business in Türkiye, or resident corporations are not subject to withholding tax.

With the 17th Article of the Omnibus Law published in the Official Gazette dated 28 December, 2023; Banks, Financial Companies within the scope of the Leasing, Factoring, Financing and Savings Finance Companies Law, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital markets and insurance and reinsurance companies and pension companies will apply Inflation Accounting starting December 31, 2023 in accordance with the Tax Procedure Law as of December 31, 2023. For 2024 and 2025, including provisional tax periods, the profit/loss difference arising from the inflation adjustment will not be taken into account in determining the tax base.

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

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

31. Tax assets and liabilities (cont'd)

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 Türkiye, 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, 2023 and 2022, the tax liability has been set aside under the current tax legislation.

As of December 31, 2023 and 2022 taxes in income statement are stated below:

	January 1- December 31, 2023	January 1- December 31, 2022
Corporate tax provision	74.632	30.438
Prepaid taxes	(45.398)	(19.840)
Tax (assets) / liabilities	29.234	10.598

	January 1- December 31, 2023	January 1- December 31, 2022
Current tax expense	74.632	30.438
Deferred tax expense / (income)	(30.056)	(4.789)
Total tax expense / (income)	44.576	25.649

Reconciliation of Tax Provisions	January 1- December 31, 2023	January 1- December 31, 2022
Profit before tax	218.750	100.636
Effective Tax Rate	%30	%25
Calculated Tax	(65.625)	(25.159)
Other and Effects of Expenses are not accepted legally	(334)	(447)
VUK TMS 29 etkisi	(19.821)	-
Other	1.562	(43)
Tax expense in statement of profit or loss	(44.576)	(25.649)

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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, 2022: 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, 2023 (December 31, 2022: The Company has reached standard rate).

b) Significant account policies

The significant account policies of the Company have been explained in the Note 2.5 "Applied Valuation Principles / Accounting Policies".

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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

	December 31, 2023	December 31, 2022
<u>Financial Assets:</u>		
Cash Equivalents and Banks	22.385	51.113
Factoring Receivables	1.030.818	701.928
<u>Financial Liabilities:</u>		
Factoring Payables	37.812	10.852
Funds Borrowed	583.463	466.465

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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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, 2023 and December 31, 2022, 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, 2023			Total
	USD	EUR	Other	
Assets				
Banks	11.279	1.449	-	12.728
Factoring receivables	148.663	18.730	-	167.393
Total assets	159.942	20.179	-	180.121
Liabilities				
Other liabilities	-	5	-	5
Other foreign liabilities	3.449	2.049	-	5.498
Total liabilities	3.449	2.054	-	5.503
Net foreign currency position	156.493	18.125	-	174.618
Off-balance sheet position	-	-	-	-
Net position	156.493	18.125	-	174.618
	December 31, 2022			Total
	USD	EUR	Other	
Assets				
Factoring receivables	86.293	23.482	-	109.775
Other assets	19	-	-	19
Banks	3.455	21.727	-	25.182
Total assets	89.767	45.209	-	134.976
Liabilities				
Funds borrowed	-	30	-	30
Other liabilities	-	11	-	11
Other foreign liabilities	1.433	7.233	-	8.666
Total liabilities	1.433	7.274	-	8.707
Net foreign currency position	88.334	37.935	-	126.269
Off-balance sheet position	-	-	-	-
Net position	88.334	37.935	-	126.269

Ekspo Faktoring A.Ş.**Notes to the financial statements for the period ended December 31, 2023**

(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.

	December 31, 2023			
	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	15.649	(15.649)	15.649	(15.649)
2- Hedged portion of TL against USD risk (-)	-	-	-	-
3- Net effect of USD (1 +2)	15.649	(15.649)	15.649	(15.649)
10% change of the Euro against TL				
4 - Net Euro asset/liability	1.812	(1.812)	1.812	(1.812)
5 - Hedged portion of TL against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	1.812	(1.812)	1.812	(1.812)
10% change of other foreign currencies against TL				
7- Net other foreign currencies asset/liability	-	-	-	-
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	-	-	-	-
Total (3 + 6 +9)	17.461	(17.461)	17.461	(17.461)

Ekspo Faktoring A.Ş.**Notes to the financial statements for the period ended December 31, 2023***(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, 2022			
	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	8.833	(8.833)	8.833	(8.833)
2- Hedged portion of TL against USD risk (-)	-	-	-	-
3- Net effect of USD (1 +2)	8.833	(8.833)	8.833	(8.833)
10% change of the Euro against TL				
4 - Net Euro asset/liability	3.794	(3.794)	727	(727)
5 - Hedged portion of TL against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	3.794	(3.794)	727	(727)
10% change of other foreign currencies against TL				
7- Net other foreign currencies asset/liability	-	-	-	-
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	-	-	-	-
Total (3 + 6 +9)	12.627	(12.627)	9.560	(9.560)

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 A.Ş.**Notes to the financial statements for the period ended December 31, 2023**

(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:

December 31, 2023	Factoring receivables	Banks	Other Assets
The maximum credit risk exposure as of reporting date	1.030.818	22.385	6.861
A. The net book value of financial assets that are neither past due or impaired	1.030.818	22.385	6.861
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>	23.143	-	-
- <i>Impairment (-)</i>	(23.143)	-	-
E. Factors including off-balance sheet credit risk	-	-	-

Ekspo Faktoring A.Ş.**Notes to the financial statements for the period ended December 31, 2023**

(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, 2022	Factoring receivables	Banks	Other Assets
The maximum credit risk exposure as of reporting date (*)	701.928	51.112	2.987
A. The net book value of financial assets that are neither past due or impaired	701.928	51.112	2.987
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>	21.953	-	-
- <i>Impairment (-)</i>	(21.953)	-	-
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 A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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.

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

i) Interest Rate (cont'd)

	December 31, 2023	December 31, 2022
Fixed Rate Financial Instruments		
Financial Assets:		
<i>Banks</i>	-	-
<i>Factoring Receivables</i>	657.597	335.136
Financial Liabilities:		
<i>Funds Borrowed</i>	583.463	466.465
<i>Factoring Payables</i>	37.812	10.852
Floating Rate Financial Instruments		
Financial Assets:		
<i>Factoring Receivables</i>	414.081	393.834
Financial Liabilities:		
<i>Funds Borrowed</i>	-	-
<i>Factoring Payables</i>	616.737	308.094

j) Other Pricing Risks

None (December 31, 2022 :None).

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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, 2023						
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	628.312	646.275	590.845	55.430	-	-
Funds borrowed	583.463	601.426	545.996	55.430	-	-
Factoring payables	37.812	37.812	37.812	-	-	-
Other liabilities	7.037	7.037	7.037	-	-	-

December 31, 2022						
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	478.980	494.236	494.236	-	-	-
Funds borrowed	466.465	481.721	481.721	-	-	-
Factoring payables	10.852	10.852	10.852	-	-	-
Other liabilities	1.663	1.663	1.663	-	-	-

Ekspo Faktoring A.Ş.

Notes to the financial statements for the period ended December 31, 2023

(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) 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 Türkiye. 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

	December 31, 2023	December 31, 2022
Independent audit fee for the reporting period	650.000	245.000
Fees for tax consultancy services	70.000	-
Fee for other assurance services	-	-
Fee for other services other than independent audit	-	-
Toplam	720.000	245.000

36. Subsequent events

The company has decided in the board of directors meeting dated February 7, 2024 to get permission from the Banking Regulation and Supervision Agency for the distribution of a dividend of 20,000 TL from the profits of previous years at the first General Assembly meeting; and after obtaining the permission, to hold the General Assembly without announcement in accordance with Article 370 of the Turkish Commercial Code.