FİBA FAKTORİNG ANONİM ŞİRKETİ

Financial Statements
As at and for the Year Ended
31 December 2023
With Independent Auditors' Report

(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

RSM

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Independent Auditors' Report

To the Board of Directors of Fiba Faktoring Anonim Şirketi

A) Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fiba Faktoring Anonim Şirketi ("the Company") which comprise the statement of financial position as at 31 December 2023 and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fiba Faktoring A.Ş. as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies and Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies published in the Official Gazette dated 24 December 2013 and numbered 28861, other regulations, communiqués and circulars published by the Banking Regulation and Supervision Board ("BRSA") and the pronouncements made by the Banking Regulation and Supervision Agency and requirements of Turkish Accounting Standards for the matters not regulated by the aforementioned legislations together "the BRSA Accounting and Financial Reporting Legislation".

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by 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 declare that we are independent of the Company in accordance with the Code of Ethics for Auditors issued by POA ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of factoring receivables

Please refer to Note 2.5 (a) for the details of the accounting policies regarding the impairment of the receivables from factoring operations and the significant accounting estimates and assumptions used.

Key Audit Matter	**How the matter is addressed in our audit**
As of December 31, 2023, the Company's factoring receivables constitute 86% of its total assets. The company accounts for its factoring receivables and provisions for impairment in accordance with the BRSA Accounting and Financial Reporting Legislation. Classification of receivables is made by taking into account the criteria specified in the Regulation. Within the scope of the Regulation, determination of the impairment of factoring receivables depends primarily on whether the classification of these receivables is made correctly. Among the criteria used for classification are non-judgmental determinations, as well as criteria that require determinations based on management judgment. There is a risk that the factoring receivables are impaired due to the criteria that require making decisions based on the aforementioned judgment and therefore the provision for impairment will not be determined. Due to these risks, the impairment of factoring receivables has been identified as a key audit matter.	Our audit procedures in this area include the following: The design and operating effectiveness of the controls established for credit allocation, disbursement, collection, follow-up and impairment processes were evaluated. Audit studies have focused on the determination of factoring receivables that are impaired, the compliance of the depreciation provisions with the BRSA Accounting and Financial Reporting Legislation, the value of the collaterals and the collection capability of the Company. In addition, the adequacy of the explanations made in the footnotes of the financial statements regarding the provision for impairment of factoring receivables was evaluated.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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 Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Standards on Auditing issued by POA and BRSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code numbered 6102 ("TCC"); no significant matter has come to our attention that causes us to believe that the Company's bookkeeping order for the period 1 January- 31 December 2023 are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; The Board of Directors provided us the required explanations and requested documents within the scope of the audit.

RSM Turkey Uluslararası Bağımsız Denetim A.Ş.

Eray Yanbol, SMMM
Partner

29 February 2024
İstanbul, Turkey

FİBA FAKTORİNG ANONİM ŞİRKETİ
Statement of Financial Position as at 31 December 2023
(Amounts expressed in thousands of Turkish Lira ("Thousands of TL") unless otherwise indicated.)

	ASSETS	Notes	Audited 31 December 2023 TL	FC	Total	Audited 31 December 2022 TL	FC	Total
I.	**CASH AND CASH EQUIVALENTS and CENTRAL BANK**	3	**87,332**	**172,568**	**259,900**	**99,537**	**21,607**	**121,144**
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT/LOSS (Net)**		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL ASSETS**	4	-	-	-	-	-	-
IV.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)**	6	**318,827**	-	**318,827**	**284,351**	-	**284,351**
V.	**FINANCIAL ASSETS AT AMORTIZED COST (Net)**		**4,308,838**	**14,715**	**4,323,553**	**2,232,332**	**25,153**	**2,257,485**
5.1	**Factoring Receivables**	7.1	**4,304,446**	**14,715**	**4,319,161**	**2,224,443**	**25,153**	**2,249,596**
5.1.1	Discounted Factoring Receivables (Net)		4,022,302	8,530	4,030,832	1,958,893	6,599	1,965,492
5.1.2	Other Factoring Receivables		282,144	6,185	288,329	265,550	18,554	284,104
5.2	**Saving Financing Receivables**		-	-	-	-	-	-
5.2.1	From the Savings Fund Pool		-	-	-	-	-	-
5.2.2	From Equity		-	-	-	-	-	-
5.3	**Financing Loans**		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Based Commercial Loans		-	-	-	-	-	-
5.4	**Leasing Activities (Net)**		-	-	-	-	-	-
5.4.1	Financial Lease Receivables		-	-	-	-	-	-
5.4.2	Operating Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Revenue (-)		-	-	-	-	-	-
5.5	**Financial Assets Measured at Amortized Cost**		-	-	-	-	-	-
5.6	Non-performing Receivables	7.2	**76,831**	-	**76,831**	**49,301**	-	**49,301**
5.7	**Provision for Expected Loss/Special Provisions (-)**	7.2	**(72,439)**	-	**(72,439)**	**(41,412)**	-	**(41,412)**
VI.	**INVESTMENTS**		-	-	-	-	-	-
6.1	Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
VII.	**TANGIBLE ASSETS (Net)**	8	**25,366**	-	**25,366**	**13,163**	-	**13,163**
VIII.	**INTANGIBLE ASSETS (Net)**	9	**1,831**	-	**1,831**	**1,482**	-	**1,482**
IX.	**INVESTMENT PROPERTIES (Net)**	10	**16,459**	-	**16,459**	**16,444**	-	**16,444**
X.	**CURRENT TAX ASSETS**	11	-	-	-	-	-	-
XI.	**DEFERRED TAX ASSETS**	11	**34,264**	-	**34,264**	-	-	-
XII.	**OTHER ASSETS**	12	**66,338**	**18**	**66,356**	**23,338**	**27**	**23,365**
	SUBTOTAL		**4,859,255**	**187,301**	**5,046,556**	**2,670,647**	**46,787**	**2,717,434**
XIII.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**		-	-	-	-	-	-
13.1	Assets Held For Sale		-	-	-	-	-	-
13.2	Assets of Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		**4,859,255**	**187,301**	**5,046,556**	**2,670,647**	**46,787**	**2,717,434**

FİBA FAKTORİNG ANONİM ŞİRKETİ

Statement of Financial Position as at 31 December 2023

(Amounts expressed in thousands of Turkish Lira ("Thousands of TL".) unless otherwise indicated.)

			Audited			Audited		
	LIABILITIES		31 December 2023			31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	**FUNDS BORROWED**	**13**	**3,079,635**	**277,988**	**3,357,623**	**2,067,044**	**-**	**2,067,044**
II.	**FACTORING PAYABLES**	**7.1**	**595**	**-**	**595**	**355**	**-**	**355**
III.	**LIABILITIES FROM THE SAVING FUND POOL**		**-**	**-**	**-**	**-**	**-**	**-**
IV.	**FINANCIAL LEASE PAYMENT**	**14**	**17,549**	**-**	**17,549**	**8,103**	**187**	**8,290**
V.	**MARKETABLE SECURITIES (Net)**	**15**	**341,814**	**-**	**341,814**	**38,729**	**-**	**38,729**
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**5**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**PROVISIONS**		**69,723**	**-**	**69,723**	**25,372**	**-**	**25,372**
8.1	Provision for Restructuring		-	-	-	-	-	-
8.2	Reserve for Employee Benefits	16	69,723	-	69,723	25,372	-	25,372
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		-	-	-	-	-	-
IX.	**CURRENT TAX LIABILITY**	**11**	**33,772**	**-**	**33,772**	**18,571**	**-**	**18,571**
X.	**DEFERRED TAX LIABILITY**		**-**	**-**	**-**	**4,932**	**-**	**4,932**
XI.	**SUBORDINATED LOANS**		**-**	**-**	**-**	**-**	**-**	**-**
XII.	**OTHER LIABILITIES**	**17**	**97,311**	**374**	**97,685**	**9,421**	**99**	**9,520**
	SUBTOTAL		**3,640,399**	**278,362**	**3,918,761**	**2,172,527**	**286**	**2,172,813**
XIII.	**PAYABLES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED**		**-**	**-**	**-**	**-**	**-**	**-**
12.1	Held For Sale		-	-	-	-	-	-
12.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SHAREHOLDERS' EQUITY**		**1,127,795**	**-**	**1,127,795**	**544,621**	**-**	**544,621**
14.1	Paid-in Capital	18.1	228,000	-	228,000	228,000	-	228,000
14.2	Capital Reserves	18.2	30	-	30	30	-	30
14.2.1	Share Premiums		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		30	-	30	30	-	30
14.3	Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		222,385	-	222,385	71,138	-	71,138
14.4	Accumulated Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss		20,049	-	20,049	32,152	-	32,152
14.5	Profit Reserves		113,885	-	113,885	54,400	-	54,400
14.5.1	Legal Reserves	18.3	53,314	-	53,314	42,989	-	42,989
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		-	-	-	-	-	-
14.5.4	Other Profit Reserves	18.3	60,571	-	60,571	11,411	-	11,411
14.6	Profit or Loss		543,446	-	543,446	158,901	-	158,901
14.6.1	Prior Periods' Profit or Loss	18.4	75,616	-	75,616	-	-	-
14.6.2	Net Profit or Loss for the Period		467,830	-	467,830	158,901	-	158,901
	TOTAL LIABILITIES AND EQUITY		**4,768,194**	**278,362**	**5,046,556**	**2,717,148**	**286**	**2,717,434**

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

FİBA FAKTORİNG ANONİM ŞİRKETİ
Statement of Off Balance Items as at 31 December 2023
(Amounts expressed in thousands of Turkish Lira ("Thousands of TL".) unless otherwise indicated.)

	OFF-BALANCE SHEET ITEMS	Notes	Audited 31 December 2023			Audited 31 December 2022		
			TL	FC	Total	TL	FC	Total
I.	**RECOURSE FACTORING TRANSACTIONS**		**300,534**	**3,446**	**303,980**	**37,454**	**5,270**	**42,724**
II.	**NON-RECOURSE FACTORING TRANSACTIONS**		**1,071,990**	**42,035**	**1,114,025**	**545,578**	**44,032**	**589,610**
III.	**SAVING FINANCE AGREEMENTS TRANSACTIONS**		-	-	-	-	-	-
IV.	**COLLATERALS RECEIVED**	**27.1**	**49,545,340**	**2,005,593**	**51,550,933**	**24,427,821**	**1,210,776**	**25,638,597**
V.	**COLLATERALS GIVEN**	**27.2**	**2,584,881**	-	**2,584,881**	**1,316,976**	-	**1,316,976**
VI.	**COMMITMENTS**		-	-	-	-	-	-
5.1	Irrevocable Commitments		-	-	-	-	-	-
5.2	Revocable Commitments		-	-	-	-	-	-
5.2.1	Lease Commitments		-	-	-	-	-	-
5.2.1.1	Financial Lease Commitments		-	-	-	-	-	-
5.2.1.2	Operating Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**27.3**	-	-	-	-	-	-
6.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
6.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
6.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
6.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
6.2	Trading Transactions		-	-	-	-	-	-
6.2.1	Forward Buy/Sell Transactions		-	-	-	-	-	-
6.2.2	Swap Buy/Sell Transactions		-	-	-	-	-	-
6.2.3	Options Buy/Sell Transactions		-	-	-	-	-	-
6.2.4	Futures Buy/Sell Transactions		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
VIII.	**ITEMS HELD IN CUSTODY**	**27.4**	**4,575,803**	**137,438**	**4,713,241**	**2,201,681**	**120,205**	**2,321,886**
	TOTAL OFF-BALANCE SHEET ITEMS		**58,078,548**	**2,188,512**	**60,267,060**	**28,529,510**	**1,380,283**	**29,909,793**

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

FİBA FAKTORİNG ANONİM ŞİRKETİ
Statement of Profit and Loss for the Year Ended 31 December 2023
(Amounts expressed in thousands of Turkish Lira ("Thousands of TL".) unless otherwise indicated.)

	INCOME AND EXPENSE ITEMS	*Notes*	Audited 1 January-31 December 2023	Audited 1 January-31 December 2022
I.	**OPERATING INCOME**		**1,854,999**	**650,292**
	FACTORING INCOME	**19**	**1,854,999**	**650,292**
1.1	Interest from Factoring Receivables		1,133,826	622,583
1.1.1	Discounted		1,068,042	530,141
1.1.2	Other		65,784	92,442
1.2	Fees and Commissions from Factoring Receivables		721,173	27,709
1.2.1	Discounted		659,491	3,816
1.2.2	Other		61,682	23,893
	INCOME FROM FINANCING LOANS		-	-
1.3	Interest Received from Financing Loans		-	-
1.4	Fees and Commissions Received from Financing Loans		-	-
	LEASE INCOME		-	-
1.5	Finance Lease Income		-	-
1.6	Operating Lease Income		-	-
1.7	Fees and Commission Income on Lease Operations		-	-
	SAVING FINANCE INCOME		-	-
1.8	Dividends Received from Savings Financing Receivables		-	-
1.9	Fees and Commissions Received from Savings Financing Receivables		-	-
II.	**FINANCIAL EXPENSES (-)**	**20**	**(915,564)**	**(358,782)**
2.1	Dividends Given to the Savings Fund Pool		-	-
2.2	Interest on Funds Borrowed		(701,404)	(285,714)
2.3	Interest on Factoring Payables		-	-
2.4	Financial Lease Expenses		(3,189)	(953)
2.5	Interest on Securities Issued		(70,905)	(50,906)
2.6	Other Interest Expenses		-	-
2.7	Fees and Commissions Paid		(140,066)	(21,209)
III.	**GROSS PROFIT / LOSS (I+II)**		**939,435**	**291,510**
IV.	**OPERATING EXPENSES (-)**	**21**	**(218,407)**	**(78,434)**
4.1	Personnel Expenses		(170,333)	(55,086)
4.2	Employee Severance Indemnity Expense		1,046	(4,465)
4.3	Research and Development Expenses		-	-
4.4	General Administrative Expenses		(49,120)	(18,883)
4.5	Other		-	-
V.	**GROSS OPERATING PROFIT / LOSS (III+IV)**		**721,028**	**213,076**
VI.	**OTHER OPERATING INCOME**	**22**	**148,302**	**75,364**
6.1	Interest on Bank Deposits		81,165	7,428
6.2	Interest on Securities Portfolio		-	-
6.3	Dividend Income		21,397	1,259
6.4	Profit from Capital Market Operations		-	-
6.5	Derivative Financial Transactions Gains		38	53,965
6.6	Foreign Exchange Gains		23,919	9,029
6.7	Other		21,783	3,683
VII.	**PROVISION EXPENSES**	**23**	**(41,525)**	**(16,724)**
7.1	Specific Provisions		(41,525)	(16,724)
7.2	Expected Loss Provisions		-	-
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	**OTHER OPERATING EXPENSES (-)**	**24**	**(162,327)**	**(61,314)**
8.1	Impairment Losses on Securities Portfolio		-	-
8.2	Impairment Losses on Non-Current Assets		-	-
8.3	Loss from Capital Market Operations		-	-
8.4	Losses From Derivative Financial Instruments		(54)	(720)
8.5	Foreign Exchange Losses		(4,698)	(36,619)
8.6	Other		(157,575)	(23,975)
IX.	**NET OPERATING PROFIT / LOSS (V+…..+VIII)**		**665,478**	**210,402**
X.	**MERGER PROFIT**		-	-
XI.	**PROFIT/LOSS FROM ASSOCIATES RECOGNIZED USING THE EQUITY METHOD**		-	-
XII.	**GAIN/LOSS ON NET MONETARY POSITION**		-	-
XIII.	**PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)**		**665,478**	**210,402**
XIV.	**TAX PROVISION FOR CONTINUING OPERATIONS (±)**	**11**	**(197,648)**	**(51,501)**
14.1	Current Tax Provision		(233,169)	(43,897)
14.2	Deferred Tax Charge (+)		-	(7,604)
14.3	Deferred Tax Benefit (-)		35,521	-
XV.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)**		**467,830**	**158,901**
XVI.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-
16.1	Income from Assets Held for Sale		-	-
16.2	Gain on Sale of Associates, Subsidiaries and Joint Ventures		-	-
16.3	Other Income from Discontinued Operations		-	-
XVII.	**EXPENSES FROM DISCONTINUED OPERATIONS BEFORE TAX (-)**		-	-
17.1	Expense on Assets Held for Sale		-	-
17.2	Loss on Sale of Associates, Subsidiaries and Joint Ventures		-	-
17.3	Other Expenses from Discontinued Operations		-	-
XVIII.	**CURRENT PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVI-XVII)**		-	-
XIX.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		-	-
19.1	Current Tax Provision		-	-
19.2	Deferred Tax Charge (+)		-	-
19.3	Deferred Tax Benefit (-)		-	-
XX.	**NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)**		-	-
XXI.	**NET PROFIT/LOSS FOR THE PERIOD (XV+XX))**		**467,830**	**158,901**
	Earnings/Loss Per Share		-	-

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

FİBA FAKTORİNG ANONİM ŞİRKETİ
Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 31 December 2023
(Amounts expressed in thousands of Turkish Lira ("Thousands of TL".) unless otherwise indicated.)

			Audited 1 January-31 December 2023	Audited 1 January-31 December 2022
I.	**CURRENT PERIOD PROFIT/LOSS**		**467,830**	**158,901**
II.	**OTHER COMPREHENSIVE INCOME**		**139,144**	**69,103**
2.1	**Items that will not be Reclassified to Profit or Loss**		**151,247**	**36,951**
2.1.1	Tangible Assets Revaluation Increases/Decreases		-	-
2.1.2	Intangible Assets Revaluation Increases/Decreases		-	
2.1.3	Defined Benefit Plans Remeasurement Gains / Losses	16	-	(865)
2.1.4	Other Comprehensive Income Items that will not be Reclassified to Profit or Loss		151,212	40,107
2.1.5	Taxes Related to Other Comprehensive Income that will not be Reclassified to Profit or Loss		35	(2,291)
2.2	**Items that may be Reclassified subsequently to Profit or Loss**		**(12,103)**	**32,152**
2.2.1	Foreign Exchange Differences for Foreign Currency Transactions		-	-
2.2.2	Revaluation and/or Reclassification Income/Expenses of Available-for-Sale Financial Assets		(13,865)	33,919
2.2.3	Cash Flow Hedge Income/Expenses		-	-
2.2.4	Investment Hedge Income/Losses Related to Foreign Entity		-	-
2.2.5	Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss		-	-
2.2.6	Taxes related to Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss		1,762	(1,767)
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**		**606,974**	**228,004**

FİBA FAKTORİNG ANONİM ŞİRKETİ
Statement of Changes in Shareholder’s Equity for the Year Ended 31 December 2023
(Amounts expressed in thousands of Turkish Lira (“Thousands of TL”.) unless otherwise indicated.)

CHANGES IN EQUITY							Accumulated Other Comprehensive Income and Expenses That will not be Subsequently Reclassified to Profit or Loss			Accumulated Other Comprehensive Income and Expenses That will be Subsequently Reclassified to Profit or Loss						
		Notes	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit / (Loss)	Net Profit/Loss for the Period	Total Equity
	AUDITED PRIOR PERIOD (01/01/2022-31/12/2022)															
I.	**Balance at the Beginning of the Period**		**151,000**	-	-	**2,295**	-	**129**	**34,520**	-	-	-	**44,242**	**50,877**	**34,016**	**317,079**
II.	**Changes in Accounting Policies according to TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New Balance (I+II)**		**151,000**	-	-	**2,295**	-	**129**	**34,520**	-	-	-	**44,242**	**50,877**	**34,016**	**317,079**
IV.	**Total Comprehensive Income**		-	-	-	-	-	**(649)**	**37,600**	-	**32,152**	-	-	-	**158,901**	**228,004**
V.	**Cash Capital Increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Reserves**		**77,000**	-	-	**(2,265)**	-	-	-	-	-	-	**(231)**	**(74,504)**	-	-
VII.	**Capital Reserves From Inflation Adjustments**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Bonds Convertible to Shares**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Loans**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increases / Decreases due to Other Changes**		-	-	-	-	-	**(8)**	**(454)**	-	-	-	**889**	**(889)**	-	**(462)**
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	9,500	**24,516**	**(34,016)**	-
11.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	9,500	24,516	(34,016)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance of the End of the Period (III+IV+…..+X+XI)	**18**	**228,000**	-	-	**30**	-	**(528)**	**71,666**	-	**32,152**	-	**54,400**	-	**158,901**	**544,621**
	AUDITED CURRENT PERIOD (01/01/2023-31/12/2023)															
I.	**Balance at the Beginning of the Period**		**228,000**	-	-	**30**	-	**(528)**	**71,666**	-	**32,152**	-	**54,400**	-	**158,901**	**544,621**
II.	**Changes in Accounting Policies according to TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New Balance (I+II)**		**228,000**	-	-	**30**	-	**(528)**	**71,666**	-	**32,152**	-	**54,400**	-	**158,901**	**544,621**
IV.	**Total Comprehensive Income**		-	-	-	-	-	**35**	**151,212**	-	**(12,103)**	-	-	-	**467,830**	**606,974**
V.	**Cash Capital Increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Reserves**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital Reserves From Inflation Adjustments**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Bonds Convertible to Shares**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Loans**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increases / Decreases due to Other Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	**59,485**	**75,616**	**(158,901)**	**(23,800)**
11.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	(23,800)	-	(23,800)
11.2	Transfer to Reserves		-	-	-	-	-	-	-	-	-	-	59,485	99,416	(158,901)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balance of the End of the Period (III+IV+…..+X+XI)	**18**	**228,000**	-	-	**30**	-	**(493)**	**222,878**	-	**20,049**	-	**113,885**	**75,616**	**467,830**	**1,127,795**

1. Fixed assets accumulated revaluation increases / decreases,
2. Accumulated remeasurement gains / losses of defined benefit plans,
3. Other (Other comprehensive income and expenses from equity method investments not to be reclassified on profit/loss, and other accumulated comprehensive income and expenses not to be reclassified on profit/loss),
4. Foreign exchange conversion differences,
5. Revaluation and/or reclassification differences of available-for-sale financial assets,
6. Other (Profit/loss from cash flow hedges, other comprehensive income and expenses from equity method investments to be reclassified on profit/loss, and other accumulated comprehensive income and expenses to be reclassified on profit/loss).

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

FİBA FAKTORİNG ANONİM ŞİRKETİ
Statement of Cash Flows for the Period Ended 31 December 2023
(Amounts are expressed in Turkish Lira (thousands of “TL”) unless otherwise indicated.)

		Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.1	Operating Profit Before Changes in Operating Assets And Liabilities		685,058	151,658
1.1.1	Interests Received/Lease Income		1,141,190	612,677
1.1.2	Interest Paid / Lease Expenses		(784,652)	(361,135)
1.1.3	Dividends Received		21,397	1,259
1.1.4	Fees and Commissions Received		721,173	27,709
1.1.5	Other Income		-	-
1.1.6	Collections from Non-Performing Receivables Recognized as Loss	7.2	10,498	2,851
1.1.7	Payments to Personnel and Service Suppliers		(145,141)	(56,472)
1.1.8	Taxes Paid	11	(217,594)	(34,354)
1.1.9	Other		(61,813)	(40,877)
1.2	Changes in Operating Assets and Liabilities		(854,385)	101,342
1.2.1	Net (Increase) Decrease in Factoring Receivables		(2,046,819)	(857,385)
1.2.2	Net (Increase) Decrease in Financing Loans		-	-
1.2.3	Net (Increase) Decrease in Lease Receivables		-	-
1.2.4	Net (Increase) Decrease in Savings Financing Receivables			
1.2.5	Net (Increase) Decrease in Other Assets		(25,675)	8,726
1.2.6	Net Increase (Decrease) in Factoring Payables		240	21
1.2.7	Net Increase (Decrease) in Lease Payables			
1.2.8	Net (Increase) Decrease in Savings and Financing Debts		-	-
1.2.9	Net Increase (Decrease) in Loans Borrowed		1,229,324	955,179
1.2.10	Net Increase (Decrease) in Matured Payables		-	-
1.2.11	Net Increase (Decrease) in Other Liabilities		(11,455)	(5,199)
I.	Net Cash Flow Provided from Operating Activities		(169,327)	253,000
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
2.1	Acquisition of Subsidiaries, Associates and Joint Ventures		-	-
2.2	Disposal of Subsidiaries, Associates and Joint-Ventures		-	-
2.3	Purchases of Property and Equipment	8	(4,954)	(1,565)
2.4	Sale of Property and Equipment		55	6
2.5	Cash Paid for Purchase of Financial Assets at FVTPL		(14,998)	(120,892)
2.6	Proceeds From Sale of Financial Assets at FVTOCI		121,962	-
2.7	Cash Paid for Purchase of Financial Assets at Amortized Cost		-	-
2.8	Cash Obtained from Sale of Financial Assets at Amortized Cost		-	-
2.9	Other	9	(1,133)	(1,594)
II.	Net Cash Flows Provided from Investing Activities		100,932	(124,045)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
3.1	Cash Obtained From Funds Borrowed and Securities Issued		885,180	869,462
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(651,752)	(1,054,000)
3.3	Equity Instruments Issued		-	-
3.4	Dividends Paid		(23,800)	-
3.5	Payments for Finance Leases		-	-
3.6	Other		-	-
III.	Net Cash Flow Provided from Financing Activities		209,628	(184,538)
IV.	Effect of Change in Foreign Exchange Rates on Cash and Cash Equivalents		6,811	13,780
V.	Net Increase in Cash and Cash Equivalents		148,044	(41,803)
VI.	Cash and Cash Equivalents at the Beginning of the Period	2.5 (o)	111,594	153,397
VII.	Cash and Cash Equivalents at the End of the Period	2.5 (o)	259,638	111,594

FİBA FAKTORİNG ANONİM ŞİRKETİ
Profit Distribution Statement for the Accounting Period Ended 31 December 2023
(Amounts are expressed in Turkish Lira (thousands of "TL") unless otherwise indicated.)

		Notes	Audited 1 January-31 December 2023	Audited 1 January-31 December 2022
I.	**DISTRIBUTION OF CURRENT YEAR PROFIT (*)**			
1.1	CURRENT PERIOD PROFIT		665,478	210,402
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)		197,648	51,501
1.2.1	Corporate Tax (Income Tax)		233,169	43,897
1.2.2	Withholding Tax		-	-
1.2.3	Other Taxes and Duties (**)	11	(35,521)	7,604
A.	**NET PROFIT FOR THE PERIOD (1.1-1.2)**		**467,830**	**158,901**
1.3	ACCUMULATED LOSSES (-)		-	-
1.4	FIRST LEGAL RESERVES (-)		-	7,945
1.5	OTHER STATUTORY RESERVES (-)		-	-
B.	**NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**		**467,830**	**150,956**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)		-	**11,400**
1.6.1	To Owners of Ordinary Shares		-	11,400
1.6.2	To Owners of Privileged Shares		-	-
1.6.3	To Owners of Redeemed Shares		-	-
1.6.4	To Profit Sharing Bonds		-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates		-	-
1.7	DIVIDENDS TO PERSONNEL (-)		-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)		-	**12,400**
1.9.1	To Owners of Ordinary Shares		-	12,400
1.9.2	To Owners of Privileged Shares		-	-
1.9.3	To Owners of Redeemed Shares		-	-
1.9.4	To Profit Sharing Bonds		-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates		-	-
1.10	SECOND LEGAL RESERVES (-)		-	2,380
1.11	STATUS RESERVES (-)		-	-
1.12	EXTRAORDINARY RESERVES		-	-
1.13	OTHER RESERVES		-	-
1.14	SPECIAL FUNDS		-	(40,054)
II.	**DISTRIBUTION FROM RESERVES**		-	-
2.1	APPROPRIATED RESERVES		-	-
2.2	SECOND LEGAL RESERVES (-)		-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1	To Owners of Ordinary Shares		-	-
2.3.2	To Owners of Privileged Shares		-	-
2.3.3	To Owners of Redeemed Shares		-	-
2.3.4	To Profit Sharing Bonds		-	-
2.3.5	To Holders of Profit and Loss Sharing Certificates		-	-
2.4	DIVIDENDS TO PERSONNEL (-)		-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III.	**EARNINGS PER SHARE**		-	-
3.1	TO OWNERS OF ORDINARY SHARES		-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)		-	-
3.3	TO OWNERS OF PRIVILEGED SHARES		-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV.	**DIVIDEND PER SHARE**		-	0.10
4.1	TO OWNERS OF ORDINARY SHARES		-	0.10
4.2	TO OWNERS OF ORDINARY SHARES (%)		-	10%
4.3	TO OWNERS OF PRIVILEGED SHARES		-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(*) The decision regarding profit distribution will be made at the General Assembly meeting.
(**) Deferred tax expense is presented in the line of other tax and legal obligations.
(***) As a result of the Extraordinary General Assembly meeting held on July 5, 2023, the distribution of the amount of 23,800 thousand TL, which was held in the 2022 profit account, has been realized.

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

1 ORGANIZATION AND OPERATIONS OF THE COMPANY

Fiba Faktoring Anonim Şirketi ("the Company") was established on November 23, 1992 to provide factoring services to industrial and commercial companies. The Company executing in accordance with 28496 dated December 13, 2012. Financial Leasing, Factoring, Financing and Savings Finance published in the Official Gazette no. Companies Law" and the BRSA's Law No. 28627 dated April 24, 2013 and published in the Official Gazette No. 28627."Establishment and Activities of Financial Leasing, Factoring, Financing and Savings Finance Companies Regulation on the Principles".

Information about the Company's shareholders and respective shares are as follows:

	31 December 2023		31 December 2022	
(Total TL)	**Amount of Shares**	**Share(%)**	**Amount of Shares**	**Share(%)**
Fiba Holding A.Ş.	129,862,000	56.96	129,862,000	56.96
Fina Holding A.Ş.	75,338,000	33.04	75,338,000	33.04
Other	22,800,000	10.00	22,800,000	10.00
	228,000,000	**100.00**	**228,000,000**	**100.00**

As of 31 December 2023, the number of employees is 93 (31 December 2022: 80).

The Company is registered in Turkey and operates at the following address:

Büyükdere Caddesi, 1. Levent Plaza A Blok No: 173, Kat: 2 34330 1. Levent / İstanbul. The company provides factoring operations in one geographic area (Turkey).

Approval of Financial Statements:

The financial statements were approved by the Board of Directors on 29 February 2024. The General Assembly has the authority to change the financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance

The Company prepares its financial statements in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the communique on "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies and on Financial Statements to be announced to Public" published in the Official Gazette dated 24 December 2013 and numbered 28861 and the "Regulation on Principles For Establishment And Operations Of Financial Leasing, Factoring and Financing Companies" and other regulations, communiqués and circulars published by the BRSA and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not legislated by the aforementioned regulations (together "the BRSA Accounting and Financial Reporting Legislation"). TFRS includes Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), TAS comments and TFRS comments published by POA.

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

2.1.2 Functional Currency

The Company's functional currency and financial statement currency is Turkish Lira (TL).

2.1.3 Going concern

The Company has prepared its financial statements by the going concern principle.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.1 Basis of Presentation

2.1.4 Preparation of Financial Statements in Hyperinflationary Periods

Restatement adjustments have been made to compensate for the effect of changes in the general purchasing power of the Turkish Lira, in accordance with Turkish Accounting Standards on "Preparation of Financial Statements in Hyperinflationary Periods" ("TAS 29") for the financial statements prepared until 31 December 2004. BRSA issued a circular on 28 April 2005 stating that the indicators requiring the application of inflation accounting ceased to exist; consequently, inflation accounting was not applied in the financial statements after 1 January 2005.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period.

According to the announcement made by the Public Oversight, Accounting and Auditing Standards Authority (KGK) on November 23, 2023, entities applying the Turkish Financial Reporting Standards (TFRS) are required to present their financial statements for the annual reporting period ending on or after December 31, 2023, in accordance with the accounting principles outlined in "IAS 29 Financial Reporting in Hyperinflationary Economies," adjusted for inflation effects.

The same announcement stated that regulatory bodies authorized to regulate and supervise within their respective fields may determine different transition dates for the application of inflation accounting. In this context, the Banking Regulation and Supervision Agency (BDDK) declared, in accordance with the decision of the Board dated December 12, 2023, that the financial statements of banks, as well as financial leasing, factoring, financing, savings financing, and asset management companies as of December 31, 2023, will not be subject to inflation adjustment.

2.1.5 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 set off 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

Significant changes in accounting policies are applied retrospectively and the financial statements of the previous period are rearranged. The company applied its accounting policies consistently with the previous fiscal year. The accounting policies used in the preparation of the financial statements for the year ended December 31, 2023 were applied consistently with the financial statements prepared as of December 31, 2022. Significant changes in accounting policies are applied retrospectively and the financial statements of the previous period are rearranged. There is no change in accounting policies in the current period.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to only one period, changes are applied in the current period but if changes in estimates relate to future periods, changes are applied both in the current and following periods prospectively. Material prior period errors are corrected retrospectively, and prior period financial statements are restated. There is no significant change in the accounting estimates of the company in the current period.

Preparation of financial statements in accordance with Reporting Standards requires the management to implement policies and to make decisions, estimates and assumptions that affect the reported asset, liability, income and expense amounts. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed constantly. The effect of a change in accounting estimates is recognized prospectively in the current and future periods. The main notes for the items including estimates are as follows:

Note 4 – Derivative financial assets
Note 5 – Derivative financial liabilities
Note 6 – Financial assets at fair value through other comprehensive income
Note 8 – Tangible assets
Note 9 – Intangible assets
Note 11 – Tax assets and liabilities
Note 16 – Provisions

2.4 New and Revised Accounting Standards Turkey

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 of January 1, 2023 are as follows:

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. The amendments did not have a significant impact on the financial position or performance of the Company.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.4 New and Revised Accounting Standards Turkey *(continued)*

i) The new standards, amendments and interpretations which are effective as of January 1, 2023 are as follows: *(continued)*

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added. The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023. The amendments did not have a significant impact on the financial position or performance of the Company.

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.4 New and Revised Accounting Standards Turkey *(continued)*

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

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

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

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

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

In January 2021 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.4 New and Revised Accounting Standards Turkey *(continued)*

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

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 1 January 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. The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

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 1 January 2024. Early adoption is permitted but will need to be disclosed. Overall, the Company expects no significant impact on its balance sheet and equity.

TSRS 1 establishes the general requirements for disclosing financial information related to sustainability

TSRS 1 establishes the general requirements for disclosing financial information related to sustainability, aiming to mandate businesses to provide information about sustainability-related risks and opportunities in their general-purpose financial reports. This mandate intends to furnish primary users of financial reports with pertinent information to aid in their decisions regarding resource allocation to the business. The implementation of this standard is obligatory for entities meeting the specified criteria outlined in the announcement numbered 2024-5, dated January 5, 2024, issued by the Public Oversight, Accounting and Auditing Standards Authority (KGK), or for banks, irrespective of the criteria, for annual reporting periods commencing on or after January 1, 2024. Other entities may opt for voluntary compliance with TSRS standards.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.4 New and Revised Accounting Standards Turkey *(continued)*

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

TSRS 2 Climate-Related Disclosures
TSRS 2 outlines the requirements for identifying, measuring, and disclosing climate-related risks and opportunities that would be useful for primary users of general-purpose financial reports in making decisions regarding resource allocation to the business. The application of this standard is mandatory for entities meeting the specified criteria outlined in the announcement numbered 2024-5, dated January 5, 2024, issued by the Public Oversight, Accounting and Auditing Standards Authority (KGK), or for banks, irrespective of the criteria, for annual reporting periods commencing on or after January 1, 2024. Other entities may opt for voluntary compliance with TSRS standards.

iii) Amendments issued by the International Accounting Standards Board (IASB) but not issued by POA

The following amendments to IAS 12 and IAS 7 and IFRS 7 are issued by the IASB but not yet adapted/issued in accordance with TFRS by POA. Therefore, they do not form part of TFRS. The Company will make the necessary changes to its financial statements and disclosures after the amendments are issued and become effective under TFRS.

IAS 21 Changes in Net Assets

In August 2023, the IASC has published amendments to IAS 21. These amendments outline how the convertibility of a currency is to be assessed and how the exchange rate is to be determined when a currency is deemed non-convertible. According to the amendment, when an exchange rate estimate is made for a non-convertible currency, information is disclosed to enable financial statement users to understand how the non-convertibility of the currency affects or is expected to affect the entity's performance, financial position, and cash flows. The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.5 Summary of Significant Accounting Policies

(a) Financial Instruments

(i) Financial Assets

A financial asset is an asset that is cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity. Financial assets are classified into three categories; financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and financial assets at amortized cost. Classification of the financial asset depending on the purpose and nature of the asset, it is determined at initial recognition.

1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss, financial assets managed with a business model other than a business model aimed at holding contractual cash flows to collect and selling contractual cash flows, and contractual terms related to financial assets, does not result in cash flows that only include principal and interest payments on the principal balance on specified dates; are financial assets that are acquired to profit from fluctuations in prices and similar factors in the short-term in the market, or that are part of a portfolio aimed at making a profit in the short-term, regardless of the reason for their acquisition. Financial assets at fair value through profit or loss are recorded with their fair values and are then valued with their fair values. Gains and losses resulting from the valuation are included in the profit/loss accounts. Financial assets that constitute derivative products that have not been determined as an effective hedging instrument against financial risk are also classified as financial assets at fair value through profit or loss. Related financial assets are shown with their fair values, and the gains and losses resulting from the valuation are accounted for in the profit or loss statement.

2) Financial assets at fair value through other comprehensive income

Equity instruments and some debt securities held by the Company are classified as financial assets which are presented fair value through other comprehensive income. Gains and losses arising from changes in fair value are accounted for in other comprehensive income and financial assets which are recognized in the revaluation fund, excluding impairments recorded in the profit or loss statement of debt securities classified in this category that calculated using the effective interest method, and foreign exchange gains and losses on monetary assets is accumulated. If the investment is disposed of or impaired, the total profit/loss accumulated in the revaluation fund is classified into the profit or loss statement. At initial recognition entity may irrevocably choose to present subsequent changes in an equity instrument of the fair value of an investment that is not held for trading in other comprehensive income. If this preference is made, dividends from the investment are recognized as profit or loss. The relevant fair value differences recognized in the other comprehensive income statement are not transferred to profit or loss in the following periods but transferred to previous years' profit/loss. Dividends from such investments are recognized as profit or loss unless they clearly constitute a recovery of part of the cost of the investment. Equity instruments at fair value through other comprehensive income are not subject to impairment calculation.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.5 Summary of Significant Accounting Policies *(continued)*

(a) Financial Instruments *(continued)*

(i) Financial assets *(continued)*

2) Financial assets at fair value through other comprehensive income (continued)

Within the scope of TFRS 9, all investments in equity instruments and contracts related to these financial instruments should be measured at their fair values. However, in some exceptional circumstances, the cost may be an appropriate estimation method for determining fair value.

3) Financial assets at amortized cost

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as financial assets at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using internal rate of return. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss.

(ii) Cash and cash equivalents

Cash and cash equivalents are comprised of cash, bank deposits with maturity periods of less than three-months. Cash equivalents are convertible to cash and correspond short-term highly liquid investments with maturities less than three-months and which have no risk of impairment.

(iii) Factoring receivables

Factoring receivables and payables are recorded at their fair values with netting of transaction costs. In the periods of registration, they are shown with the costs discounted using the effective interest rate method.

The total factoring receivables provision determined as a result of the evaluation of factoring receivables is determined in a way to cover the doubtful receivables in the Company's factoring receivables portfolio. The Company reserves the relevant provision in accordance with the provisions of "Financial Leasing, Factoring and Financing Companies' Accounting Practices and Financial Tables (" Regulation ") published in the Official Gazette dated December 24, 2013 and numbered 28861 by the BRSA. According to the relevant regulation, at least 20% after taking into account the collaterals of factoring receivables delayed between 90-180 days from the due date, at least 50% after the collaterals of factoring receivables delayed between 180-360 days from the due date of collection and After taking into account the guarantees of factoring receivables delayed more than 1 year from the date of maturity, 100% specific provision is provided.

According to the relevant regulation, even if the delay in the collection of the receivables has not exceeded the above periods or there is no delay in the collection of the receivables, the company can reserve specific provisions at the rates it determines, taking into account the reliability and prudence principles of all available data on the credit worthiness of the debtor, without including the collateral amount in the calculation.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.5 Summary of Significant Accounting Policies *(continued)*

(a) Financial Instruments *(continued)*

In the Regulation, it is stated that companies can make provision in general and without being directly related to any transaction, in order to cover the losses expected to arise from the receivables with no delay in the collection of the principal, interest or both or with a delay of less than ninety days, but not directly related to any transaction, but it is not considered as a requirement. The company can set aside general provisions within this scope for factoring receivables that do not become doubtful.

According to the "Regulation On Amendments Related To Regulations On Establishment and Operation Principles Of Financial Leasing, Factoring and Financing Companies" that was issued on 2 May 2018 by BRSA, factoring, leasing and finance companies have not applied TFRS 9. In this context, the Company continues to apply the current legislation.

Written off some receivables by loss of qualified

By the provisions of the ''Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings Financing Companies'' published in the Official Gazette No. 30961 dated 27 November 2019, reasonable rates for the recovery of factoring receivables classified as 'Receivables as Loss Qualified' It has been possible to write off the part that has no expectations from the record and to is taken out of the balance sheet in this way.

The company makes an objective and subjective evaluation while determining whether there are reasonable expectations.

Factoring receivables, which are considered to have no reasonable expectation for their recovery and are currently classified as "Fifth Group-Loss Receivables" by the Company, can be written off the provision amounts.

In addition, factoring receivables that meet the following conditions may be considered by the Company as having completely lost their ability to valuation and may be written off in this context.

- The receivable that is planned to be written off must have been classified in the category of loss receivables for at least 1 year.
- Cannot be decided to write off the receivable without starting legal proceedings against the customer.
- No collection should have been made within a 1-year retrospective period, directly or through legal proceedings regarding the customer. However, in case the bankruptcy of the customer has been decided or there is no reasonable expectation for the recovery of the receivable, or the collection has been made within the last 1 year, it may be decided to deduct the receivable from the record.
- The customer's warehouse should not have a guarantee that is likely to be collected when it is subject to follow-up. However, if there is collateral in the customer's warehouse but the convertibility of the collateral is considered weak, it may be determined to write off the receivable from the record.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.5 Summary of Significant Accounting Policies *(continued)*

(a) ***Financial Instruments*** *(continued)*

Written off some receivables by loss of qualified (continued)

With the accounting policy of the company, does not have any factoring receivables in the nature of losses written off as of 31 December 2023 and 31 December 2022.

(iv) Other Assets and Other Liabilities

Other assets and other liabilities are shown over their cost values due to their short-term nature.

(v) Loan Received and Marketable Securities

When the loans and securities issued are recorded for the first time, they are recorded at their fair values netting of transaction costs. In the periods following their recording, the repayment amounts are reflected to the financial statements with their current values calculated by the effective interest method, and the differences between the first recorded amount are transferred to the income statement during the maturity of the debts.

(vi) Derivative Financial Instruments

Exchange differences arising from fair value changes of all derivative financial instruments are recognized in the capital market transactions profit / loss accounts. Fair value is derived from quoted market prices and, where appropriate, discounted cash flow models. The fair values of off-exchange foreign currency forward contracts are determined by comparing the initial maturity rate with the calculated maturity rate of the related currency for the remaining period of the contract and by capitalizing in closing balance. All derivative financial instruments are recognized as assets at derivative financial assets if the fair value is positive and as liabilities at derivative financial liabilities if the fair value is negative.

The fair value of derivative financial instruments that are not traded in the market are estimated by taking into consideration the counterparty's reliability, Company's receivables and liabilities contracts that expires at the end of the reporting period and current market conditions.

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies *(continued)*

(b) Tangible assets and depreciation

(i) Tangible assets

Property, plant and equipment are recognized by deducting accumulated depreciation and permanent value loss from inflation adjusted cost value as of 31 December 2004 for items purchased before 1 January 2005, and from cost values of acquisition for items purchased after 31 December 2004. (see Note2.5 (f))

(ii) Subsequent costs

The cost of replacing any part of an item of property, plant and equipment is capitalized. Subsequent costs can be capitalized if they increase the future economic benefit of the asset. All other expense items are recognized in the statement of income as incurred.

(iii) Depreciation

Depreciation of property, plant and equipment is recognized in the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

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

Definition	***Year***
Buildings	50 years
Furniture and fixtures	5 years
Vehicles	5 years

Leasehold improvements are amortized with the shorter of the periods of the respective leases or useful lives on a straight-line depreciation basis.

Gains and losses on disposals of property, plant and equipment are included in other income and expenses from operating activities.

(c) Intangible assets

Intangible assets consist of computer software licenses. Computer software licenses are recognized by deducting accumulated amortization and permanent value loss from inflation adjusted cost value as of 31 December 2004 for items purchased before 1 January 2005, and from cost values of acquisition for items purchased after 31 December 2004. Amortization for intangible assets is calculated using the straight-line method over their estimated useful lives (3 years) starting from the acquisition date.

(d) TFRS 16 Leasings

The company has started to apply the TFRS 16 Leases standard as of January 1, 2019. TFRS 16 introduced a single lease accounting model for lessees. As a result, the Company as a lessee recognized the right-of-use asset representing the right to use the underlying asset and the lease liabilities representing the lease payments that it is obligated to pay rent in its financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies *(continued)*

(d) ***TFRS 16 Leasings*** *(continued)*

Definition of leasing

Previously, the Company decided whether a contract includes a lease at the beginning of the contract, according to TFRS Interpretation 4 "Determining whether an Agreement includes a lease", but the Company now evaluates whether a contract includes a lease based on the new definition of a lease. By TFRS 16, if the right to control the use of the asset defined in a contract is transferred for a specified period, that contract is or includes a lease.

In the transition to TFRS 16, the Company has chosen to apply the old form to be defined as a lease, using the facilitating application regarding which transactions are classified as leases.

Therefore, it has applied TFRS 16 only to contracts previously defined as lease contracts. According to TAS 17 and TFRS Interpretation 4, contracts that do not contain a lease have not been reassessed whether they contain a lease. Therefore, the definition of a lease under TFRS 16 is only applied to contracts entered into or modified on or after 1 January 2019.

The Company had allocated to each lease and non-lease component based on its relative stand-alone price at reassessment or contract inception of a contract that includes a lease component. However, for properties of which it is a lessee, the Company has chosen not to separate the non-lease components and to account for the non-lease and non-lease components as a single lease component.

As a Tenant

The company leases real estate and vehicle assets. By TFRS 16, right-of-use assets and lease liabilities for leases are included in the financial statements, in other words, these lease transactions are presented in the financial statement.

The Company has chosen not to reflect right-of-use assets and lease liabilities in its financial statements for real estate and vehicle rentals with a lease term of 12 months or less. The Company has reflected these leases as expenses on a straight-line basis over the lease term.

The Company has presented its lease obligations under the heading of "Leasing Payables (net)" in the financial statement.

The company records the right-of-use asset and the lease liability on the financial statements at the actual commencement date of the lease. The right-of-use asset is measured initially at cost and subsequently at cost less accumulated depreciation and accumulated impairment losses and adjusted for remeasurement of the lease liability. The right-of-use asset is initially measured at cost and after the lease commences, it is measured at fair value by the Company's accounting policies.

At the commencement date of the lease, the lease liability is measured at the present value of the lease payments which not paid at that date. Lease payments are discounted using the Company's alternative borrowing interest rate if the implied interest rate in the lease can be easily determined. Generally, the Company used the alternative borrowing interest rate as the discount rate.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.5 Summary of Significant Accounting Policies *(continued)*

(d) ***TFRS 16 Leasings*** *(continued)*

After the commencement date of the lease, the lessee increases the carrying amount of the lease liability to reflect the interest on the lease liability and decreases the carrying amount to reflect the lease payments made. It is remeasured in the event of a change in the lease term and in the assessment of the option to purchase the asset, and in the event of a change in the amounts expected to be paid under the residual value commitment, and in the event of a change in these payments as a result of a change in the index or rate.

The company has used its judgment to determine the lease term for some leases that include renewal options. Evaluating whether the Company is reasonably confident to exercise such options affects the lease term; therefore, this matter significantly affects the amounts of lease liabilities and right-of-use assets recognized.

On 5 June 2020, POA made changes to the TFRS 16 "Leases" standard by publishing the Concessions Granted in Lease Payments - "Amendments to TFRS 16 Leases" related to COVID-19. With this change, tenants are exempted from assessing whether the concessions granted due to COVID-19 in rent payments have changed or not. Although, The change did not have a significant impact on the financial position or performance of the Company.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.5 Summary of Significant Accounting Policies *(continued)*

(e) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost less accumulated depreciation and accumulated impairment if any.

When the use of property changes such that it is reclassified as machinery, plant, and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

If the property becomes an investment property, the Company accounts for such property up to the date of change in use by the policy specified under tangible assets.

Investment properties are derecognized if they are sold or become unusable and it is determined that no future economic benefits will be derived from their sale. Profit/loss arising from the completion of the useful life or sale of the investment property is included in the profit or loss statement in the period it occurs.

Transfers are made when there is a change in the use of investment property. For a transfer from an investment property followed on a fair value basis to an owner-occupied property, the estimated cost in post-transfer recognition is the fair value of the property at the date of the use change. If an owner occupied property converts to an investment property to be presented on a fair value basis, the entity applies the accounting policy applied to Tangible Assets up to the date of the use change.

(f) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. The impairment loss recognized in the context of cash generating units is initially deducted from the carrying value of goodwill allocated to the units and then from the carrying value of other assets in the unit (unit group).

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

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.5 Summary of Significant Accounting Policies *(continued)*

(g) Capital increase

Share capital increases from the shareholders are recognized at nominal value as approved at the annual general assembly meetings of shareholders.

(h) Retirement pay provision

Provision for retirement pay is made according to the present value amount of possible liabilities from retirement of the Company's employees and this amount is calculated under Turkish Labor Law. It is calculated on accrual basis when it is earned by the employees and recognized on financial statements. It is calculated on accrual basis when it is earned by the employees and recognized on financial statements. The amount of liability is calculated based on the retirement pay liability ceiling that is announced by the government.

TAS 19, "Employee benefits", provides the calculation of the present value of the Company's possible liabilities using actuarial valuation methods.

The Company management has evaluated the effect of actuarial gains/losses on current financial statements concerning the calculation of retirement pay liability and has recognized the after-tax amount in profit or loss as it is below the materiality level.

The principal assumption is that the maximum liability of employment termination benefits for each year of service will increase in line with inflation. As of 31 December 2023, the provision for retirement pay liability is TL 35,058.58 (full) that is effective as if 1 January 2024 since the maximum liability is revised semi-annually (31 December 2022: TL 19,982.83 (full) as of 1 January 2023).

(i) Provisions, contingent asset and liabilities.

In accordance with TAS 37 " Provisions, Contingent Liabilities and Contingent Assets" a provision is recognized when the Company has a legal or constructive liability as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the liability, and a reliable estimate can be made of the amount of the liability. If the specified criteria are not met, the Company discloses the related issues in the accompanying notes. In case of a material effect of time value of money, the provision amount is determined as the present value of the cash outflows required to meet the liability. In order to determine the discount rate that is used to reduce the provision to present values, interest rate in the related markets and risk related to the liability is taken into consideration.

Contingent assets are not recognized unless they are realized, and they are only disclosed in the notes.

(j) Income and expense recognition

(i) Factoring income

Factoring interest and commission income is recognized on an accrual basis using the effective interest method. The effective interest method is the method of valuing the financial instrument at amortized cost and allocating the relevant interest income to the related period. Effective interest rate; It is the rate that discounts the estimated total cash to be collected during the expected life of the financial instrument or, if appropriate, a shorter period, to the net present value of the relevant financial asset. Income-related to financial assets classified other than financial assets at fair value through profit or *loss is calculated using the effective interest method.*

(ii) Other operating income and expense

Other income and expenses are recognized on accrual basis.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.5 Summary of Significant Accounting Policies *(continued)*

(j) Income and expense recognition *(continued)*

(iii) Finance income and expenses

Finance income and expenses recognized on accrual basis using effective interest method.

(k) Taxation on income

Income tax includes current year tax (corporate tax) and deferred tax. Current year tax liability includes the tax liability calculated based on taxable profit for the year and by using the tax rates effective in the reporting period and adjustments related to tax liabilities in previous years.

Deferred tax is calculated by determining tax effects of temporary differences between the recognized values of assets and liabilities and the amounts of assets and liabilities used in the statutory tax assessment account. Based on the tax laws enacted at the end of the reporting period, deferred tax is calculated at the tax rates expected to be applied when temporary differences are reversed and recognized as an expense or income in profit or loss.

According to TAS 12, "Income Taxes" deferred tax assets and liabilities are recognized in the accompanying financial statements, using the balance sheet method, on all taxable temporary differences to the extent that they are expected to increasing or decrease on the income tax payable in the period when they will reverse. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

If differences from the valuation of the financial assets are recognized under the income statement, related current corporate tax or deferred tax income or expense is recognized under income statement If differences from the valuation of the related assets are recognized in equity, related deferred tax effect is recognized under equity.

Deferred tax assets and liabilities are set off when there is a legally enforceable right to set off current tax assets against current tax liabilities and when taxes are subject to the same fiscal authority.

(l) Related parties

In accordance with TAS 24, 'Related Party Disclosures' shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies or considered and referred to as related parties. Related parties also include investors and the Company management. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

For the purpose of the accompanying financial statements, shareholders of the Company, the companies controlled by/associated with them, key management and the Board members of the Company are referred to as 'related parties'.

(m) Earnings per share

The balance of the earnings per share is calculated by dividing period net profit by weighted average number of the shares. Weighted average number of shares is number of ordinary shares at the beginning of the period and the number of shares issued during the period or taken back to a time-weight factor multiplied by the number of shares. The time weight factor is the ratio of the number of days where a certain number of shares issued and total number of days in the period.

In accordance with TAS 33 "Earnings per Share", companies of which shares are not traded on the stock exchange are not obliged to disclose earnings per share. Since the Company's shares are not traded on the stock Exchange, earnings pers hare is not calculated in the accompanying financial statements.

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS *(continued)*

2.5 Summary of Significant Accounting Policies *(continued)*

(n) Events after the reporting period

Events after the reporting date are those events occur between the balance sheet date and the date when the financial statements are authorized for issue. In accordance with TAS 10, "Events after the Balance Sheet Date"; events after the reporting date that provide additional information about the Company's position at the reporting balance sheet dates are reflected in the financial statements. If the events do not require adjusting financial statements, the Company discloses the related matters in the notes.

(o) Statement of cash flow

The Company prepares cash flow statements to inform the users of the financial statements about the changes in its net assets, its financial structure and its ability to affect the amount and timing of its cash flows with respect to changing external conditions.

In the statement of cash flows, cash flows of the period are reported with a classification based on operating, investing and financing activities. Cash flows from operating activities represent cash flows from activities within the scope of the Company's area of activity. Cash flows relating to investment activities represent cash flows used and generated from investment activities (fixed investments and financial investments). Cash flows related to financing activities represent the sources of financing the Company used and the repayments of these sources.

As at and for the year ended 31 December 2022 and 31 December 2021, the cash and cash equivalents in the statement of cash flows are as follows:

	31 December 2023	**31 December 2022**
Cash on hand / Effective	4	3
Banks *(Note 3)*	259,896	121,141
Less:		
- Blocked deposits (Note 3)	-	(9,500)
- Interest income accurual	(262)	(50)
Cash and cash equivelants in the statement of cash flow	**259,638**	**111,594**

(p) Reporting financial information according to operating segments

Since the Company does not have separate segments of which financial performances are followed separately, no reporting has been made according to the operating segments.

(r) The effect of changes in foreign exchange rates

Transactions in foreign currencies have been translated into TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the reporting date. Foreign exchange differences arising from these transactions are stated in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are carried at fair value, are expressed in TL at the exchange rates ruling at the date at which their fair value is determined.

The foreign exchange rates used by the Company as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2023	**31 December 2022**
USD	29.4382	18.6983
EUR	32.5739	19.9349
GBP	37.4417	22.4892

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

3 CASH, CASH EQUIVALENTS and CENTRAL BANK

As of 31 December 2022 and 31 December 2021, the details of banks are as follows:

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
- Demand deposits	7,731	172,568	14,418	21,607
- Time deposits	79,597	-	85,116	-
Total	**87,328**	**172,568**	**99,534**	**21,607**

Time deposits consist of TL denominated bank balances with average interest rate of less than one month applied to time deposits amounting to TL 79,597 Thousand is 39.76% (31 December 2022: The average interest rate applied to time deposits amounting to TL 85,116 Thousand is 10.55%).

As of 31 December 2023, there are no blocked deposits (31 December 2022: TL 9,500 Thousand).

As of 31 December 2023, total amount of banks with original maturity of less than three months and which are not blocked, excluding the income accruals which form a basis for cash flow statement, is TL 259,638 Thousand (31 December 2022: TL 111,594 Thousand).

Foreign currency risk and sensitivity analysis of the Company as of 31 December 2023 and 31 December 2022 have been disclosed in Note 28.

4 DERIVATIVE FINANCIAL ASSETS

Derivative financial instruments are carried at fair value, and positive fair values are presented in derivative financial assets, negative fair values are presented in derivative financial liabilities.

As of 31 December 2023 and 31 December 2022, The Company has no derivative financial assets held for trading consisting of currency swap and forward purchase and sale agreements.

5 DERIVATIVE FINANCIAL LIABILITIES

Derivative financial instruments are presented at fair value, with positive fair value changes recorded in the derivative financial assets account and negative fair value changes recorded in the derivative financial liabilities account.

As of 31 December 2023 and 31 December 2022, there are no derivative financial liabilities consisting of currency swap and forward purchase-sale agreements.

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

6 FINANCIAL ASSETS AT FAIR VALUE THRIUGH OTHER COMPREHENSIVE INCOME (Net)

As of 31 December 2023 and 31 December 2022, the details of shares classified as financial assets at fair value through other comprehensive income are as follows:

	31 December 2023		**31 December 2022**	
	Amount	**Share (%)**	**Amount**	**Share (%)**
Gelecek Varlık A.Ş.	68	0.00	141,362	3.18
Credit Europe Group N.V. ("Credit Europe") (*)	275,974	1.29	129,539	1.29
RE-PIE Portföy Yönetimi A.Ş. İkinci Finberg Girişim Sermayesi Yatırım Fonu	42,785	-	13,450	-
Total	**318,827**		**284,351**	

As of 31 December 2023 and 31 December 2022, the details of financial assets classified as financial assets at fair value through other comprehensive income are as follows:

	31 December 2023	**31 December 2022**
Equity Securities		
Not traded on the stock exchange(*)	275,974	129,539
Listed on the stock exchange	68	141,362
Equity Securities Total	276,042	270,901
Girişim Sermayesi Yatırım Fonu		
RE-PIE Portföy Yönetimi A.Ş. İkinci Finberg Girişim Sermayesi Yatırım Fonu	42,785	13,450
	318,827	**284,351**

(*) The fair value of Credit Europe Group N.V. ("Credit Europe") shares has been reflected in other comprehensive income using the market approach/ guideline public company method.

Movement of financial assets at fair value through other comprehensive income is as follows:

	31 December 2023	**31 December 2022**
Opening balance 1 January	284,351	89,433
Purchases	14,998	120,892
Sales	(113,092)	-
Appraisal surplus	132,570	74,026
Closing balance 31 December	**318,827**	**284,351**

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

7 FINANCIAL ASSETS AT AMORTIZED COST (Net)

7.1 Factoring Receivables and Payables

As of 31 December 2023 and 31 December 2022 the details of factoring receivables are as follows:

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Discounted Factoring Receivables (Net)	4,022,302	8,530	1,958,893	6,599
Other Factoring Receivables	282,144	6,185	265,550	18,554
Factoring receivables, net	**4,304,446**	**14,715**	**2,224,443**	**25,153**

As of 31 December 2023, there are no factoring receivables longer than one year. (31 December 2022:None).

The amount of Company's factoring receivables overdue but not impaired is TL 6,845 Thousand (31 December 2022: 69 Thousand TL) and their aging as follows:

	31 December 2023	31 December 2022
Overdue 1 month	6,845	69
Total	**6,845**	**69**

Factoring Payables

As of 31 December 2023 and 31 December 2022, details of short-term factoring payables are as follows:

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Factoring payables	595	-	355	-
Total	**595**	**-**	**355**	**-**

Factoring payables are collected for factoring customers and represent the amounts which have not been deposited in the accounts of the related factoring customers.

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

7 FINANCIAL ASSETS AT AMORTIZED COST (Net) *(continued)*

7.2 Non-Performing Receivables

As of 31 December 2023 and 31 December 2022, details of the Company's non-performing factoring receivables as follows:

	31 December 2022		31 December 2021	
	TL	**FC**	**TL**	**FC**
Non-performing factoring receivables	76,831	-	49,301	-
Specific provision	(72,439)	-	(41,412)	-
Non-performing loans, net	**4,392**	**-**	**7,889**	**-**

As of 31 December 2023 and 31 December 2022, aging and specific provision distribution of non performing factoring receivables are as follows:

	31 December 2022		31 December 2021	
	Total factoring receivables under follow up	**Provision**	**Total factoring receivables under follow up**	**Provision**
Not overdue	18,141	16,858	29,489	21,811
Overdue 1-3 months	28,814	25,916	2,913	2,913
Overdue 3-6 months	11,686	11,686	1,023	1,023
Overdue 6-12 months	3,413	3,413	3,073	2,862
Overdue over a year	14,777	14,566	12,803	12,803
Total	**76,831**	**72,439**	**49,301**	**41,412**

Movement of specific provision during the period as follows:

	31 December 2023	31 December 2022
Balance, 1 January	41,412	27,539
Provision allocated during the period *(Note 23)*	41,525	16,724
Provision released during the period *(Note 22)*	(10,498)	(2,851)
Balance, 31 December	**72,439**	**41,412**

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

8 TANGIBLE ASSETS

Movements of tangible assets for periods ended at 31 December 2023 and 31 December 2022 are as follows:

	Buildings	Furniture and fixtures	Vehicles	Leasehold improvements	Other property, plant and equipment (*)	Right-of-use buildings	Right-of-use vehicles	Total
Cost								
Opening balance, 1 January 2022	2,790	1,520	332	1,588	1,531	986	5,703	14,450
Additions	-	1,560	-	5	-	2,617	5,432	9,614
Written off	-	(198)	-	-	-	(985)	(1,619)	(2,802)
Closing balances, 31 December 2022	**2,790**	**2,882**	**332**	**1,593**	**1,531**	**2,618**	**9,516**	**21,262**
Opening balance, 1 January 2023	2,790	2,882	332	1,593	1,531	2,618	9,516	21,262
Additions	-	2,861	-	2,093	-	6,969	8,532	20,455
Disposals	-	(57)	(332)	(191)	-	-	(1,418)	(1,998)
Closing balances, 31 December 2023	**2,790**	**5,686**	**-**	**3,495**	**1,531**	**9,587**	**16,630**	**39,719**
Accumulated depreciation								
Opening balance, 1 January 2022	1,030	1,232	213	1,565	-	785	3,127	7,952
Current year depreciation expense	69	228	66	9	-	499	2,072	2,943
Written off	-	(192)	-	-	-	(985)	(1,619)	(2,796)
Closing balances, 31 December 2022	**1,099**	**1,268**	**279**	**1,574**	**-**	**299**	**3,580**	**8,099**
Opening balance, 1 January 2023	1,099	1,268	279	1,574	-	299	3,580	8,099
Current year depreciation expense	68	634	33	109	-	2,082	5,271	8,197
Disposals	-	(22)	(312)	(191)	-	-	(1,418)	(1,943)
Closing balances, 31 December 2023	**1,167**	**1,880**	**-**	**1,492**	**-**	**2,381**	**7,433**	**14,353**
Net book value								
1 January 2022	1,760	288	119	23	1,531	201	2,576	6,498
31 December 2022	1,691	1,614	53	19	1,531	2,319	5,936	13,163
1 January 2023	1,691	1,614	53	19	1,531	2,319	5,936	13,163
31 December 2023	1,623	3,806	-	2,003	1,531	7,206	9,197	25,366

As of 31 December 2023, insurance coverage on tangible assets amount to TL 177,539 Thousand (31 December 2022: TL 116,334 Thousand) insurance Premium amounts to TL 334 Thousand (31 December 2021: TL 103 Thousand). As of 31 December 2023, buildings with net carrying value of TL 1,586 Thousand were purchased through financial leasing (31 December 2022: TL 1,636 Thousand). There is no lien on tangible assets such as pledge, mortgage and etc.

(*) Other tangible assets consist of pictures with artistic values that are not subject to depreciation.

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

9 INTANGIBLE ASSETS

Movements of intangible assets for the period ended 31 December 2023 and 31 December 2022 are as follows:

	Computer software
Cost	
Opening balance, 1 January 2022	1,617
Additions	1,594
Closing balances, 31 December 2022	**3,211**
Opening balance, 1 January 2023	3,211
Additions	1,133
Closing balances, 31 December 2023	**4,344**
Accumulated amortization	
Opening balance, 1 January 2022	1,404
Current year depreciation	325
Closing balances, 31 December 2022	**1,729**
Opening balance, 1 January 2023	1,729
Current year depreciation	784
Closing balances, 31 December 2023	**2,513**
Net book value	
1 January 2022	213
31 December 2022	1,482
1 January 2023	1,482
31 December 2023	1,831

The Company has no intangible asset created within the entity.

10 INVESTMENT PROPERTY

The Company's investment property consists of land acquired for receivables. Investment properties consist of assets acquired for receivables. As of 31 December 2023, fair value of investment properties is TL 128,500 Thousand (31 December 2022: TL 82,000 Thousand). The fair value determined by an independent appraisal company and the fair value hierarchy level is 3.

Fair value measurements of investment property

As of 31 December 2023 and 31 December 2022, the fair value of the investment property has been determined by an independent valuation company. The valuation company is authorized by the Capital Markets Board (CMB) and provides real estate valuation services by the capital market legislation and has sufficient experience and qualifications in the fair value measurement of real estate in the relevant regions. The fair value of the land ownership has been determined according to the market comparative approach reflecting the current transaction prices for similar properties.

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

10 INVESTMENT PROPERTY *(continued)*

Fair value measurements of investment property *(continued)*

	Carrying value	Fair value level as of the reporting period		
	31 December 2023	**Level 1**	**Level 2**	**Level 3**
Investment property	16,459	-	-	125,000

	Carrying value	Fair value level as of the reporting period		
	31 December 2022	**Level 1**	**Level 2**	**Level 3**
Investment property	16,444	-	-	82,000

No different valuation method used in the current period.

11 TAX ASSETS AND LIABILITIES

The Company is subject to the Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting exempt income and other non-taxable income (carried forward losses if available and investment incentives if preferred).

In Turkey, the legal tax base to be found by adding non-deductible expenses to the commercial income of the corporations in accordance with the tax laws and deducting the exemptions in the tax laws The corporate tax rate applied after January 1, 2021 was 20%. However No. 7316, which entered into force upon publication in the Official Gazette dated April 22, 2021 and numbered 31462 On the Amendment of the Law on the Collection Procedure of Public Receivables and Certain Laws Provisional Article 13 added to the Corporate Tax Law No. 5520 by Article 11 of the Law the corporate tax rate will be 25% for the corporate income for the taxation period of 2021 and 25% for the taxation period of 2022. It is regulated to be applied as 23% for the corporate earnings of the taxation period. 08 Law No. 7394, which entered into force in the Official Gazette dated April 2022 and numbered 31810, and Law No. 5520 By amending Article 32 and Provisional Article 13 of the Corporate Tax Law, 6361 Operating within the scope of the Law on Financial Leasing, Factoring and Financing Companies 30% on the corporate income of companies for the taxation periods in 2023 and onwards Corporate Tax was decided to be levied at the corporate tax rate.

Law No. 7456, titled "Amendment Law on the Imposition of Additional Motor Vehicle Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurred on 6/2/2023, and Amendments to Certain Laws and Decree Laws Numbered 375," was published in the Official Gazette dated July 15, 2023, with the number 32249. According to Article 21 of Corporate Tax Law No. 5520, the corporate tax rate is determined as 25%. However, for banks, companies within the scope of the Financial Leasing, Factoring, Financing, and Savings Finance Companies Law numbered 6361, electronic payment and money institutions, authorized exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies, the rate of 30% is regulated to be applied to corporate profits.

As of 31 December 2023, the tax rate for the period tax calculations is 30% has been used (31 December 2022: 25%). Within the scope of the aforementioned law amendments, as of 31 December 2023 deferred tax assets and liabilities in the financial statements as of 31 December 2022 with a rate of 25%. In the financial statements, deferred tax assets and liabilities are recognized on temporary differences arising in 2023 and thereafter. The tax effect of the tax effect in the current period is calculated with the rates of 25%, respectively.

11 TAX ASSETS AND LIABILITIES *(continued)*

In Turkey, advance tax is calculated and accrued on a quarterly basis. In 2023, during the taxation of corporate earnings as of the provisional tax periods, the corporation Provisional tax at the rate of 30% has been calculated on the earnings (2022: 25%).

Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

Dividend earnings of corporations from participation in the capital of another fully liable corporation (except for participation certificates of mutual funds and dividends obtained from shares of investment partnerships) are exempt from corporate tax. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the founder's shares, the usufruct shares, and the pre-emptive rights of the real estates (immovables) owned for the same period, are exempt from corporate tax as of 31 December 2017. However, with the amendment made with Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018. To benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale. In Turkey, there is no practice of reaching an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them during the five years following the accounting period and make a reassessment as a result of their findings.

Within the scope of repetitive article 298 of the Tax Procedure Law, it has been decided that the financial statements will be subject to inflation adjustment because the increase in the producer price index is more than 100% in the last 3 accounting periods, including the current period, and more than 10% in the current accounting period. As of December 2021, these conditions have been fulfilled. However, with Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to an inflation adjustment for the 2021 and 2022 accounting periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, It has been enacted that the 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years' profit/loss account.

According to Article 17 of Law No. 7491, published in the Official Gazette dated December 28, 2023, and numbered 32413, Banks, companies within the scope of Law No. 6361 on Financial Leasing, Factoring, Financing, and Savings Finance Companies dated 21/11/2012, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies are legally exempt from considering the gains/losses arising from the inflation adjustment to be made in the 2024 and 2025 accounting periods, including temporary tax periods. The President is authorized to extend the periods specified within the scope of this paragraph, including temporary tax periods, for a period equivalent to one accounting period.

11 TAX ASSETS AND LIABILITIES *(continued)*

According to the Amendment General Communique on Tax Procedure Law (numbered 547) published in the Official Gazette dated January 14, 2023, and numbered 32073, which modifies the General Communique (numbered 537) on Tax Procedure Law, provisions regarding the procedures and principles of revaluation of immovable properties and depreciable assets have been rearranged. Accordingly, the Company has revalued its immovable properties and depreciable assets included in its balance sheet until September 30, 2023, provided that it meets the conditions specified in Temporary Article 32 of the Tax Procedure Law and Article 298/ç of the Duplicate Article. As of December 31, 2023, immovable properties and depreciable assets have not been revalued due to the application of inflation adjustment to the financial statements as of December 31, 2023. Corporate income tax is calculated taking into account the depreciation allocated based on the revalued values of immovable properties and depreciable assets until September 30, 2023.

Income Withholding Tax:

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to a 15% withholding tax until 22 December 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, by the President's Decision No. 4936, published in the Official Gazette dated 22 December 2021 and numbered 31697, the provisions of the Income Tax Law no. have been amended, Dividend payments are decreased from 15% to 10%.

Dividends that are not distributed and added to the capital are not subject to income tax withholding.

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

11 TAX ASSETS AND LIABILITIES *(continued)*

For the periods ended 31 December 2022 and 31 December 2021, the income tax provision in the statement of profit or loss is different from the amounts calculated by applying the statutory tax rate before tax as stated below:

	31 December 2023	31 December 2022
Profit before tax reported	665,478	210,402
Tax calculated on reported profit (30%)	(199,643)	(52,601)
Non-deductable expenses (*)	(1,243)	(751)
Deferred tax rate differences (25% - 30%)(**)	(292)	1,278
Tax exempt income amount	2,859	-
Others (**)	671	573
Tax (charge) / benefit	**(197,648)**	**(51,501)**

(*) Non-deductible expenses includes donations, aid, special communication tax and etc.
(**) Tax deduction for revaluation of fixed assets.

As of 31 December 2022 and 31 December 2021, the corporate tax payable and prepaid taxes are as follows:

	31 December 2023	31 December 2022
Provision for corporate tax	233,169	43,897
Advance taxes paid during the period	(199,397)	(25,326)
Total	**33,772**	**18,571**
Witholding amount paid	(4,048)	(374)
Corporate Tax Payable	**29,724**	**18,197**

Tax expenses in the statement of profit or loss for the period ended 31 December 2023 are as follows:

	01 January- 31 December 2023	01 January- 31 December 2021
Current tax expense	(233,169)	(43,897)
Deferred tax benefit/(charge)	35,521	(7,604)
Total	**(197,648)**	**(51,501)**

The Company recognizes deferred income tax assets and liabilities in the balance sheet. Temporary differences arising as a result of different assessments between Tax Procedure Law and Standards The Group recognizes deferred tax assets and liabilities based on the taxable temporary differences. Deferred tax assets and liabilities tax rate used in the calculation of the tax rate is 30% (31 December 2022: 25%).

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

11 TAX ASSETS AND LIABILITIES *(continued)*

As of 31 December 2023 and 31 December 2022, details of temporary differences and deferred tax assets and liabilities prepared in accordance with the applicable tax rates are as follows:

	Temporary differences		**Deferred tax assets/(liabilities)**	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Provision for factoring receivables	2,263	2,271	679	568
Derivative financial instruments	-	-	-	-
Impairment of FVOCI	2,297	2,297	689	574
Provision for severance pay	9,087	10,133	2,726	2,533
Unused vacation accruals	5,635	3,638	1,691	910
Commission discounts	68,182	44	20,455	11
TFRS 16 valuation difference	14,197	6,235	4,259	1,559
Other employee benefits provision	55,000	11,600	16,500	2,900
Deferred tax assets	**156,661**	**36,218**	**46,999**	**9,055**
Accruals on borrowings	2,526	772	758	192
Temporary differences on tangible and intangible assets	1,651	694	495	174
Securities	1,417	105	425	26
TFRS 16 lease expense	12,376	5,399	3,713	1,350
Changes of fair values in financial assets	22,816	48,978	6,845	12,245
Others	1,665	-	499	-
Deferred tax liabilities	**42,451**	**55,948**	**12,735**	**13,987**
Deferred tax asset, net	**114,210**	**(19,730)**	**34,264**	**(4,932)**

Movements of deferred tax asset during the period are as follows:

	1 January-31 December 2023	**1 January-31 December 2022**
Balance at 1 January	(4,932)	10,392
Recognized in profit or loss	35,521	(7,604)
Recognized under equity	3,675	(7,720)
Closing balance 31 December	**34,264**	**(4,932)**

As of 31 December 2023 and 31 December 2022, the Company has no deductible financial loss.

All of the changes occurred in deferred tax assets and liabilities for the accounting periods ended 31 December 2023 and 31 December 2022, recognized in the statement of profit or loss and there is no deferred tax asset or liability that has not recognized as of 31 December 2023 and 31 December 2022.

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

12 OTHER ASSETS

As of 31 December 2023 and 31 December 2022, details of other assets are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Receivables from transaction tax accruals	49,241	18	16,236	27
Prepaid expenses	10,752	-	5,817	-
Advances and guarantees given	2,297	-	911	-
Other	4,048	-	374	-
Total	**66,338**	**18**	**23,338**	**27**

13 FUNDS BORREWED

As of 31 December 2023 and 31 December 2022, details of funds borrowed are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Borrowings	3,079,635	277,988	2,067,044	-
Total	**3,079,635**	**277,988**	**2,067,044**	**-**

	31 December 2023				31 December 2022			
			TL equivalent				TL equivalent	
	Original Amount	Interest rate (%) (*)	Up to 1 year	More than 1 Year	Original Amount	Interest Rate (%) (*)	Up to 1 year	More than 1 Year
TL	3,079,635	35.81 - 52.50	3,079,635	-	2,067,044	11.98-31.00	2,067,044	-
EUR	8,534	9.19	277,988	-	-	-	-	-
Total			**3,357,623**	**-**			**2,067,044**	**-**

(*) These rates refer to the interest rate range of fixed-rate loans borrowed as of 31 December 2023 and 31 December 2022.

As of 31 December 2023, guarantee given to Fiba Holding A.Ş. for loans amounting to TL 569,000 Thousand and EUR 8,000 Thousand. (31 December 2022: guarantee given to Fiba Holding A.Ş. for loans amounting to TL 765,250 Thousand).

14 FINANCIAL LEASE PAYMENT

As of 31 December 2023 and 31 December 2022, details of lease obligation are as follows:

	31 December 2023		31 December 2022	
	TL	FC	TL	FC
Nominal	22,339	-	10,288	187
Cost	(4,790)	-	(2,185)	-
Value	**17,549**	**-**	**8,103**	**187**

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

15 MARKETABLE SECURITIES

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

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Issued financial bonds	359,000	-	40,000	-
Difference of issue	(17,186)	-	(1,271)	-
Total	**341,814**	**-**	**38,729**	**-**

On 19 October 2023, the Company issued 119-day discounted financial bonds with a nominal amount of TL 359,000 Thousand.

31 December 2023	Currency unit	Maturity	Interest type	Interest rate (*)	Nominal amount	Carrying value
TRFFBFK22419	TL	15 February 2024	Fixed	41.50%	359,000	341,814
Total						**341,814**

(*) Annual nominal interest rate.

31 December 2022	Currency unit	Maturity	Interest type	Interest rate (*)	Nominal amount	Carrying value
TRFFBFK22310	TL	22 February 2023	Fixed	23.50%	40,000	38,729
Total						**38,729**

(*) Annual nominal interest rate.

16 PROVISIONS

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

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Provision for employee termination benefits	9,087	-	10,133	-
Provision for unused vacation	5,636	-	3,639	-
Provision for other employee benefits	55,000	-	11,600	-
Provision for employee benefits	**69,723**	**-**	**25,372**	**-**

Provision for Employee Termination Benefits

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years (20 for women) of service, and reaches the retirement age (58 for women, 60 for men). After the amendment of the legislation on 23 May 2002, certain transitional provisions relating to the length of service before retirement was issued. The amount payable consists of one month's salary limited to a maximum of TL 35,058.58 (full) effective from 31 December 2023 as of 1 January 2024 (31 December 2022: TL 19,982.82 (full) effective from 1 January 2023)

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

16 PROVISIONS *(continued)*

The principal assumption is that the maximum liability for each year of service will parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2023, provisions are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of approximately 3.06% (December 31, 2022: 3.06% real discount rate).

The movement of employee termination benefits are as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Balance at 1 January	10,133	4,803
Interest cost (Note 21)	311	197
Service cost (Note 21)	6,977	4,955
Payments (Note 21)	(8,334)	(687)
Actuarial differences	-	865
Closing balance 31 December	**9,087**	**10,133**

By the existing labor law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, or to its inheritors, the wage of the deserved and unused vacation days over the prevailing wage at the date the contract is terminated.

Movements of unused vacation accruals during the period are as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Balance at 1 January	3,639	1,697
Accrual / (reversal) during the period (Note 21)	1,997	1,942
Closing balance 31 December	**5,636**	**3,639**

17 OTHER LIABILITIES

As of 31 December 2023 and 31 December 2022, details of other liabilities are as follows:

	31 December 2023		**31 December 2022**	
	TL	**FC**	**TL**	**FC**
Commissions received in advance	68,097	85	44	-
Taxes payable	17,198	-	6,986	-
Due to suppliers	10,245	230	2,280	49
Due to Personnel	892	-	-	-
Other	879	59	111	50
Total	**97,311**	**374**	**9,421**	**99**

18 SHAREHOLDER'S EQUITY

18.1 Paid-in Capital

As of 31 December 2023, share capital of the Company is TL 228,000 Thousand (31 December 2022: TL 228,000 Thousand). As of 31 December 2023, issued capital of the Company comprises of 228,000,000 (31 December 2022: 228,000,000) unprivileged shares with a nominal value of TL 1(full) each (31 December 2022: TL 1 (full) each).

With the Extraordinary General Assembly decision dated 7 July 2021, the company's capital was increased from TL 81,109,700 to TL 151,000,000 by adding TL 69,890,300 bonus-free shares of previous year profits.

With the Extraordinary General Assembly decision dated 28 December 2022, the company's capital was increased from TL 151,000,000 to TL 228,000,000 by adding TL 77,000,000 bonus-free shares of other capital reserve and other profit reserve.

"Inflation adjustment to equity" for all equity items can only be used for free capital increase or loss offset, whereas the registered values of extraordinary reserves, free capital increase; It can be used in cash profit distribution or loss offsetting.

18.2 Capital Reserves

As of 31 December 2023, capital reserves amounting to TL 30 Thousand includes inflation adjustment differences regarding to the Company's paid in capital (31 December 2022: TL 30 Thousand).

18.3 Profit Reserves

According to the tax legislation, 75% of the profits arising from the sale of subsidiaries are exempt from corporate tax provided that they are kept in a special fund account in liabilities for at least five full years. The exception cannot be transferred to any other account or withdrawn from the enterprise in any way other than incorporation into the capital within five years.

As of 31 December 2023, the Company's profit reserves amounted to TL 53.314 thousand (31 December 2022: TL 42.989 thousand). from first and second legal reserves and TL 2.380 Thousand (31 December 2022: TL 2.722 Thousand) exemptions from gain on sale of subsidiaries amounting to TL 7.800 thousand, venture capital investment exemptions amounting to TL 22.798 thousand fund (31 December 2022: TL 7,800 Thousand).

18.4 Accumulated Profit/ (Losses)

At the Ordinary General Assembly Meeting held on March 28, 2023, it was decided to allocate 7,945 TL from the 2022 commercial balance sheet profit of 158,901,000 TL to the 1st Reserve Fund. Additionally, at the Extraordinary General Assembly Meeting held on July 5, 2023, it was decided to allocate 2,380 TL from the 2022 profit to the 2nd Reserve Fund, transfer 49,160 TL legally required to be kept in a special fund account to the Other Profit Reserves account, and transfer the remaining 75,616 TL to retained earnings from previous years.

With the Extraordinary General Assembly decision dated 7 July 2021, the company's capital was increased from TL 81,109,700 to TL 151,000,000 by adding TL 69,890,300 bonus-free shares of previous year profits.

With the Extraordinary General Assembly decision dated 28 December 2022, the company's capital was increased from TL 151,000,000 to TL 228,000,000 by adding TL 77,000,000 bonus-free shares of other capital reserve and other profit reserve.
As of 31 December 2023, the retained earnings of the Company is TL 75,616 thousand (31 December 2022: None).

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

18 SHAREHOLDER’S EQUITY *(continued)*

18.5 Profit Distribution

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement as explained below.

The legal reserves consist of first and second reserves, in accordance with the Turkish Commercial Code. The first legal reserve appropriated out of the statutory profit at the rate of 5% until the total reserve reaches a maximum of 20% of the Company’s paid in capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company’s paid in capital. According to the Turkish Commercial Code, as long as the legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset losses and are not available for any other use.

The company decided to distribute a dividend of 23,800,000 full TL to the shareholders from the 2022 profit by the resolution of the Extraordinary General Assembly dated July 5, 2023, and the dividend payment was made on July 6, 2023.

19 OPERATING INCOME

As at and for the year ended 31 December 2023 and 31 December 2022, details of operating income are as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Interest received from factoring receivables	1,133,826	622,583
Fees and comissions received from factoring receivables, (net)	721,173	27,709
- *Commission income*	*721,597*	*28,159*
- *Commission expenses*	*(424)*	*(450)*
Total	**1,854,999**	**650,292**

20 FINANCE EXPENSES

As at and for the year ended 31 December 2023 and 31 December 2022, details of finance expenses as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Interest on borrowings	701,404	285,714
Interest on securities issued	140,066	21,209
Fees and commissions paid	70,905	50,906
Interest on lease transactions	3,189	953
Total	**915,564**	**358,782**

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

21 OPERATING EXPENSES

As at and for the year ended 31 December 2023 and 31 December 2022, details of operating expenses are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	170,333	55,086
Depreciation and amortization expenses (Note 8,9)	8,981	3,268
Travel, vehicle rent and other transportation expenses	8,433	3,738
Office expenses	7,333	4,104
Advertising expenses	6,530	53
Consulting expenses	5,071	1,959
Litigation expenses	4,950	2,108
Information technology maintanance and contract expenses	2,191	989
Communication expenses	1,715	714
Taxes, duties, fees and funds	1,422	717
Insurance expenses	763	437
Notary expenses	91	21
Provision for employement termination benefits (Note 16)	(1,046)	4,465
Other	1,640	775
Total	**218,407**	**78,434**

As at and for the year ended 31 December 2023 and 31 December 2022, details of personnel expenses are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Wages and salary	66,742	30,220
Provision for other employee benefits	55,000	11,600
Premiums	15,684	1,570
Social security employer share	10,373	4,671
Compensation paid and other employee rights	9,874	845
Personnel meal subsidies	3,407	1,374
Health expenses	2,089	840
Unused vacation accruals (Note 16)	1,997	1,942
Other	5,167	2,024
Total	**170,333**	**55,086**

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

22 OTHER OPERATING INCOME

As at and for the year ended 31 December 2023 and 31 December 2022, details of operating incomes are as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Interest from banks	81,165	7,428
Dividend income	21,397	1,259
Foreign exchange transactions income	23,919	9,029
Provision released for factoring receivables under follow-up (Note 7	10,498	2,851
GUDFDKGY profit on sale of financial assets	8,870	-
Income from derivative financial instruments	38	53,965
Other	2,415	832
Total	**148,302**	**75,364**

23 PROVISIONS

As at and for the year ended 31 December 2023 and 31 December 2022, details of non-performing receivables are as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Specific provision expenses *(Note 7)*	41,525	16,724
Total	**41,525**	**16,724**

24 OTHER OPERATING EXPENSES

As at and for the year ended 31 December 2023 and 31 December 2022, details of other operating expenses are as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Donations	155,385	22,436
Foreign exchange losses	4,698	36,619
Bank expenses	1,499	1,305
Derivative financial transactions losses	54	720
Other	691	234
Total	**162,327**	**61,314**

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

25 EARNINGS PER SHARE

According to TAS 33 "Turkish Accounting Standard Regarding Earnings Per Share", companies whose share are not traded on stock Exchange, are not required to disclose their earnings per share.

26 RELATED PARTY TRANSACTIONS

As of 31 December 2023 and 31 December 2022, details of receivables and payables due to related parties are as follows:

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Fibabanka A.Ş.				
- Demand deposits	625	4,036	17	197
- Term deposits	14,285	-		
	14,910	**4,036**	**17**	**197**
Total	**14,910**	**4,036**	**17**	**197**

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Financial assets at fair value through other comprehensive income				
-Share Certificates				
Credit Europe Group N.V.	275,974	-	129,539	-
Gelecek Varlık A.Ş.	68	-	141,362	-
-Venture Capital Investment Fund				
RE-PIE Portföy Yönetimi A.Ş.				
İkinci Finberg GSYF	42,785	-	13,450	-
Total	**318,827**	**-**	**284,351**	**-**

As of 31 December 2023 and 31 December 2022, details of payables due from/ due to related parties are as follows:

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Other Assets				
Fibabanka A.Ş.	72	-	-	-
Fina Holding A.Ş.	-	-	3	-
Toplam	**72**	**-**	**3**	**-**
Other liabilities				
Fiba Holding A.Ş.	8,936	-	1,712	-
Fina Holding A.Ş.	129	-	41	-
Fibabanka A.Ş.	14	-	-	-
Total	**9,079**	**-**	**1,753**	**-**

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

26 RELATED PARTY TRANSACTIONS *(continued)*

As at and for the year ended 31 December 2023 and 31 December 2022, details of incomes and expenses arising from related parties are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Factoring Income		
Fiba Yenilenebilir Enerji Holding A.Ş.	-	7,382
Interest from banks		
Fibabanka - *Time deposit interest income*	1,434	232
Total	**1,434**	**7,614**
Dividend income		
Credit Europe Group N.V.	11,866	1,259
Gelecek Varlık Yönetimi A.Ş.	9,531	-
Total	**21,397**	**1,259**
Other operating income		
Gelecek Varlık Yönetimi A.Ş. - *Other*	96	98
Total	**96**	**98**
Financial Expenses		
Fibabanka A.Ş. -Bank interest expenses	18,900	-
Fiba Holding A.Ş. - Commission expenses	27,845	2,656
Fibabanka A.Ş. - Commission expenses	21,050	-
Total	**67,795**	**2,656**
General operating expenses		
Fiba Holding A.Ş.	6,226	809
Anadolu Japon Turrizm A.Ş.	714	16
Fibabanka A.Ş.	346	72
Fina Holding A.Ş.	317	114
Fiba Emeklilik ve Hayat A.Ş.	66	72
Gelecek Varlık Yönetimi A.Ş.	25	-
Total	**7,694**	**1,083**
Other operating expenses		
Hüsnü Özyeğin Üniversitesi – Donation	116,000	6,900
Hüsnü Özyeğin Vakfı – Donation	26,400	11,200
Anne Çocuk Eğitim Vakfı – Donation	82	-
Fibabanka - Other expenses	64	38
Total	**142,546**	**18,138**

Salary and other benefits provided to board members and other executives:

The total amount of wages and similar benefits provided by the company to the board of directors and senior management for the fiscal period ending on 31 December 2023 is TL 16,785 thousand (31 December 2022: TL 7,202 Thousand).

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

27 CONTINGENT ASSET AND LIABILITES

27.1 Guarantees Received

As of 31 December 2023 and 31 December 2022, guarantees received against the company's factoring receivables are as follows:

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Factoring contract guarantees	35,218,297	1,410,879	19,228,847	953,318
Pledged securities	12,969,661	223,730	3,527,092	76,648
Other assets	700,194	110,393	838,444	180,810
Suretyships	569,000	260,591	765,250	-
Mortgages	37,075	-	52,075	-
Securities pledge	26,000	-	6,000	-
Vehicle pledge	25,113	-	10,113	-
Total	**49,545,340**	**2,005,593**	**24,427,821**	**1,210,776**

As of 31 December 2023, the collateral bills amounting to TL 13,193,391 Thousand (31 December 2022: TL 3,603,740 Thousand) received by the company from its customers due to its filed of activity shown in pledged securities.

As of 31 December 2023, the bonds of the company which are kept to be returned to its customer due to its field of activity are TL 810,531 Thousand (31 December 2022: bonds are TL 999,198 Thousand).

27.2 Guarantees Given

As of 31 December 2023 and 31 December 2022, details of guarantees given consist of letters of guarantee given to the following institutions:

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Takasbank	2,574,500	-	1,309,500	-
Courts	10,381	-	7,476	-
Total	**2,584,881**	**-**	**1,316,976**	**-**

27.3 Derivative Financial Instruments

Forward purchase-sales agreements

As of 31 December 2022 and 31 December 2021, there are no forward purchase and sale agreements.

27.3 Currency swap purchase-sale agreements

As of 31 December 2022 and 31 December 2021, there are no swap purchase and sale agreements.

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

27 CONTINGENT ASSET AND LIABILITES *(continued)*

27.4 Safety Securities

As of 31 December 2023 and 31 December 2022, details of safety securities are as follows:

	31 December 2023		31 December 2022	
	TL	**FC**	**TL**	**FC**
Checks obtained for collection	4,456,262	38,028	2,107,108	57,934
Trade bills collected	119,541	99,410	94,573	62,271
Total	**4,575,803**	**137,438**	**2,201,681**	**120,205**

28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

28.1 Financial Risk Management Objectives and Policies

The Company is exposed to the following risks during the course of its operations:

Credit risk
Liquidity risk
Market risk

This note provides information about the Company's objectives, policies and processes in the management of such risks.

The Company's Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risk exposed by the Company. The objective of risk management policies is to set appropriate risk limit controls, to monitor and adhere to the limits. The Company, through various training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(continued)*

28.1 Financial Risk Management Objectives and Policies *(continued)*

28.1.1 Credit risk

The Company is mainly subject to credit risk through its factoring operations. The Company's Credit Monitoring and Loans departments are responsible for managing credit risk. The Company requires a certain amount of collateral in respect of its financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Company does not enter into loan relations with the clients who do not meet the credit policy requirements. All loan proposals evaluated in accordance with Credit Committee approval limits. Further an early warning system is developed aiming to monitor loans, on a periodical basis related work is conducted to measure the credibility of the clients. The credit committee evaluates credit valuations routinely on a weekly basis. On the other hand, the Company uses a computer program to follow the credit risk.

As of the end of the reporting date, there is no significant concentrations of credit risk in a specific industry or region. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

28.1.2 Liquidity risk

Liquidity risk arises in the general funding of the Company's activities. It includes both risk of being unable to fund assets at appropriate maturities and rates and risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame. The Company's funding is based on bank loans. To reach the goals, the Company monitors the asset structure to ensure efficient management of liquidity risk.

28.1.3 Market risk

All trading financial instruments are exposed to market risk. The changes in the market prices can impair the value of the financial assets which is why it is classified as risky. All trading financial instruments are recorded at fair value and the price changes in the market affect commercial income.

The Company protects itself against changing market conditions by using trading instruments. Market risk is managed by buying and selling derivative instruments and taking risk preventive positions within the limits set by the Company's top management.

(i) Foreign currency risk

The Company is exposed to currency risk through transactions (such as factoring activities and bank loans) in foreign currencies. As the currency in which the Company presents its financial statements is TL, the financial statements are affected by fluctuations in the exchange rates against TL. The Company undertakes derivative transactions to hedge foreign currency risk.

(ii) Interest rate risk

The Company's activities are exposed to the risk of interest rate fluctuations when interest bearing assets and liabilities are amortized or re-priced at different times or amounts. In addition, the Company is exposed to interest rate risk through the repricing of assets and liabilities that contain Libor rate or similar variable interest rates. Considering market interest rates consistent with the Company's core strategies, risk management activities aim to optimize net interest income.

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

28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(continued)*

28.2 Risk Management Disclosures

28.2.1 Interest rate risk

Interest rate sensitivity analysis

As of 31 December 2023 and 31 December 2022, the interest profile of the interest sensitive financial instruments are as follows:

	Carrying value	
	31 December 2023	**31 December 2022**
Fixed rate		
Factoring receivables	4,031,969	1,998,289
Banks - time deposits	79,597	85,116
Factoring payables	(595)	(355)
Borrowings	(3,094,213)	(2,067,044)
Securities issued	(341,814)	(38,729)
Variable rate		
Factoring receivables	287,192	251,307

The interest rate sensitivity of the statement of profit or loss is the effect of the interest rate changes given in the below ratios, and of the financial assets and liabilities with variable interest rates that are not held for trading for the periods ended 31 December 2023 and 31 December 2022 on the net interest income. During this analysis, other variables, especially exchange rates, are assumed to be constant. The effects of changes in interest rates on income statement and shareholders' equity in the ratios given below are shown without considering tax effects of related gains and losses.

	Profit or loss statement		**Equity (*)**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 December 2023				
Financial instruments with variable interest	2,872	(2,872)	2,872	(2,872)
	2,872	(2,872)	2,872	(2,872)
31 December 2022				
Financial instruments with variable interest	2,513	(2,513)	2,513	(2,513)
	2,513	(2,513)	2,513	(2,513)

(*) Equity effect also includes the effect of changes in interest rates at the rates given above on the statement of profit or loss.

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

28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(continued)*

28.2 Risk Management Disclosures *(continued)*

28.2.2 Credit risk

	Factoring receivables		Non-performing receivables		Other assets			
31 December 2023	**Related party**	**Other party**	**Related party**	**Other party**	**Related party**	**Other party (*)**	**Banks**	**Derivative financial assets held for trading**
Maximum exposure to credit risk at the end of the reporting date (A+B+C+D+E)	-	**4,319,161**	**-**	**4,392**	**-**	**4,048**	**259,896**	**-**
A. Net carrying value of financial assets which are neither impaired nor overdue	-	4,301,013	-	-	-	4,048	259,896	-
B. Net carrying value of financial assets that are restructred/renegotiated, otherwise which will be regarded as overdue or impaired	-	11,303	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impa	-	6,845	-	-	-	-	-	-
- Net book value	-	6,845	-	-	-	-	-	-
- Secured portion of net carrying value (with letter of guarantee etc)	-	6,845	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	4,392	-	-	-	-
- Overdue (gross carrying value)	-	-	-	58,690	-	-	-	-
- Impairment (-)	-	-	-	(55,581)	-	-	-	-
-Secured portion of net carrying value (with letter of guarantee etc)	-	-	-	-	-	-	-	-
- Not due (gross carrying value)	-	-	-	18,141	-	-	-	-
- Impairment (-)	-	-	-	(16,858)	-	-	-	-
-Secured portion of net carrying value (with letter of guarantee etc)	-	-	-	1,283	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

(*)Non-financial assets such as advances given in other assets, transaction tax receivables and assets obtained against receivables are not included in this analysis.

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

28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(continued)*

28.2 Risk Management Disclosures *(continued)*

28.2.2 Credit risk (continued)

	Factoring receivables		Non-performing receivables		Other assets			
31 December 2022	**Related party**	**Other party**	**Related party**	**Other party**	**Related party**	**Other party (*)**	**Banks**	**Derivative financial assets held for trading**
Maximum exposure to credit risk at the end of the reporting date (A+B+C+D+E)	**-**	**2,249,596**	**-**	**7,889**	**-**	**374**	**121,141**	**-**
A. Net carrying value of financial assets which are neither impaired nor overdue	-	2,249,527	-	-	-	374	121,141	-
B. Net carrying value of financial assets that are restructred/renegotiated, otherwise which will be regarded as overdue or impaired	-	-	-	-	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impa	-	69	-	-	-	-	-	-
- Net book value	-	69	-	-	-	-	-	-
- Secured portion of net carrying value (with letter of guarantee etc)	-	69	-	-	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	7,889	-	-	-	-
- Overdue (gross carrying value)	-	-	-	19,812	-	-	-	-
- Impairment (-)	-	-	-	(19,601)	-	-	-	-
-Secured portion of net carrying value (with letter of guarantee etc)	-	-	-	-	-	-	-	-
- Not due (gross carrying value)	-	-	-	29,489	-	-	-	-
- Impairment (-)	-	-	-	(21,811)	-	-	-	-
-Secured portion of net carrying value (with letter of guarantee etc)	-	-	-	7,678	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

(*)Non-financial assets such as advances given in other assets, transaction tax receivables and assets obtained against receivables are not included in this analysis.

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

28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(continued)*

28.2 Risk Management Disclosures *(continued)*

28.2.3 Foreign currency risk

Foreign currency risk is a result of changes in the value of a financial instrument based on changes in foreign currencies. The Company has a foreign currency risk due to its foreign currency denominated payables. The foreign currencies mainly creating the risk are US Dollar and Euro. The financial statements are not affected by the fluctuations of foreign currencies against TL since the Company's financial statements are prepared in TL. As of 31 December 2023 and 31 December 2022, the Company's net short position is attributable to the following assets, liabilities and derivative instruments denominated in foreign currencies:

	31 December 2023 (TL Amount)	31 December 2022 (TL Amount)
A. Assets in foreign currency	187,301	46,787
B. Liabilities in foreign currency	(278,362)	(286)
C. Derivative financial instruments	-	-
Net foreign currency position (A+B+C)	**(91,061)**	**46,501**

As of 31 December 2023 and 31 December 2022, the table below summarizes the Company's foreign currency position risk in detailed. The carrying amounts of the assets and liabilities denominated in foreign currency and held by the Company are as follows according to their currency types:

31 December 2023	**US Dollar**	**Euro**	**Other**	**Total**
Assets				
Banks	6,349	163,442	2,777	172,568
Factoring receivables	8,385	6,330	-	14,715
Other assets	-	18	-	18
Total assets	**14,734**	**169,790**	**2,777**	**187,301**
Liabilities				
Funds borrowed	-	277,988	-	277,988
Factoring payables (*)	-	-	-	-
Other liabilities	3	371	-	374
Total liabilities	**3**	**278,359**	**-**	**278,362**
Net foreign currency position	**14,731**	**(108,569)**	**2,777**	**(91,061)**
Derivative financial instruments (net)	-	-	-	-
Net position	**14,731**	**(108,569)**	**2,777**	**(91,061)**

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

28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(continued)*

28.2 Risk Management Disclosures *(continued)*

28.2.3 Foreign currency risk (continued)

31 December 2022	**US Dollar**	**Euro**	**Other**	**Total**
Assets				
Banks	14,526	6,943	138	21,607
Factoring receivables (*)	6,601	17,301	1,251	25,153
Other assets	27	-	-	27
Total assets	**21,154**	**24,244**	**1,389**	**46,787**
Liabilities				
Other liabilities	1	285	-	286
Total liabilities	**1**	**285**	**-**	**286**
Net foreign currency position	**21,153**	**23,959**	**1,389**	**46,501**
Derivative financial instruments (net)	-	-	-	-
Net position	**21,153**	**23,959**	**1,389**	**46,501**

As at and for the year ended 31 December 2023, the depreciation of TL by 10% against the following foreign currency will decrease the pre-tax period profit by TL 1,606 Thousand (31 December 2022: increase in TL 4,650 Thousand).

As at and for the year ended 31 December 2023 and 31 December 2022, this analysis is based on the assumption that all variables remain constant. If TL gains 10% against the relevant currencies, the effect will be the same amount but in the opposite direction.

31 December 2023	**Profit/(Loss)**	**Equity (*)**
US Dollar	1,473	1,473
Euro	(10,857)	(10,857)
Other	278	278
Total	**(9,106)**	**(9,106)**

31 December 2022	**Profit/(Loss)**	**Equity (*)**
US Dollar	2,115	2,115
Euro	2,396	2,396
Other	139	139
Total	**4,650**	**4,650**

(*) The equity effect includes the effect of income statement arising from the impairment of TL against the related foreign currency by 10%.

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

28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(continued)*

28.2 Risk Management Disclosures *(continued)*

28.2.4 Liquidity risk

The following table provides the analysis of the Company's financial liabilities by appropriate maturity grouping based on the remaining period of the contract until the maturity date as of the end of the reporting period. The amounts stated in the table are contractual undiscounted cash flows:

31 December 2023

Contractual maturities	Carrying amount	Total contractual cash outlows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	**3,717,581**	**3,865,230**	**3,084,132**	**770,581**	**10,517**	**-**
Funds borrowed	3,357,623	3,483,296	2,721,760	761,536	-	-
Securuties Issued	341,814	359,000	359,000	-	-	-
Factoring payables	595	595	595	-	-	-
Obligations under financial leases	17,549	22,339	2,777	9,045	10,517	-

31 December 2022

Contractual maturities	Carrying amount	Total contractual cash outlows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities	**2,114,418**	**2,156,184**	**1,712,649**	**437,576**	**5,959**	**-**
Funds borrowed	2,067,044	2,105,354	1,671,259	434,095	-	-
Securities issued	38,729	40,000	40,000	-	-	-
Factoring payables	355	355	355	-	-	-
Other payables	8,290	10,475	1,035	3,481	5,959	-

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

28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(continued)*

28.2 Risk Management Disclosures *(continued)*

Capital Management

The Company aims to balance the debt to equity ratio in the normal course of the business, in the most effective way and aims to increase its profitability. Company's capital structure consists of payables, cash and cash equivalents and equity items disclosed in Note 18 including issued capital, capital reserves and profit reserves.

The Company's cost of capital and the risks associated with each class of capital are evaluated by the Company's key management. During these evaluations, the key management evaluates the cost of capital and the risks associated with each class of capital and submits those depending on the decision of the Board of Directors to the Board of Directors.

There has been no change in the overall strategy of the Company in the current period.

As of 31 December 2023 and 31 December 2022, net debt to equity ratios are as follows:

	31 December 2023	31 December 2022
Total liabilities	3,918,761	2,172,813
Less: Cash and cash equivalents	(259,900)	(121,144)
Net debt	3,658,861	2,051,669
Total equity	1,127,795	544,621
Net debt / equity	3.24	3.77

According to Article 12 of the BRSA's "Regulation on the Establishment and Operating Principles of Financial Leasing, Factoring, Financing and Savings and Financing Companies" published in the Official Gazette No. 28627 on 24 April 2013, the ratio of the Company's equity should be at least three percent in total assets and is required to be sustained.

	31 December 2023	31 December 2022
Total assets	5,046,556	2,717,434
Total Equity	1,127,795	544,621
Equity / Assets	22.35%	20.04%

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

29 FINANCIAL INSTRUMENTS

The fair value of financial instruments

The estimated fair values of financial instruments determined by the Company using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein are not necessarily indicators of the amounts the Company could realize in a current market exchange. The carrying amounts of the bank receivables, other financial assets, short-term bank loans denominated in TL and securities issued which are carried at cost value discounted with effective interest rates are considered to be approximating their fair values by the Company management, due to their short-term nature (excluding long-term portions), considering probable losses to be immaterial.

	31 December 2023		**31 December 2022**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Banks	259,900	259,900	121,144	121,144
GUDFDKGY financial assets	318,827	318,827	284,351	284,351
Factoring receivables	4,323,553	4,323,553	2,257,485	2,257,485
Financial liabilities				
Funds received	3,357,623	3,372,202	2,067,044	2,079,688
Securities issued	341,814	341,814	38,729	38,729
Factoring payables	595	595	355	355

Fair value level of financial assets

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

Level 1: Financial assets and liabilities are valued at the stock exchange price (unadjusted) in an active market for exactly the same assets and liabilities

Level 2: Financial assets and liabilities are valued with the inputs used to determine a directly or indirectly observable price other than the stock market price of the relevant asset or liability mentioned in Level 1.

Level 3: Financial assets and liabilities are valued with inputs that cannot be based on data observable in the market and used to determine the fair value of the asset or liability (Non-observable data).

31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
GUDFDKGY financial assets	68	42,785	275,974	318,827
Derivative financial liabilities	**68**	**42,785**	**275,974**	**318,827**

31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
GUDFDKGY financial assets	141,362	13,450	129,539	284,351
	141,362	**13,450**	**129,539**	**284,351**

30 EVENTS AFTER THE REPORTING PERIOD

In accordance with the decision numbered 10825 dated January 11, 2024, by the Banking Regulation and Supervision Agency (BDDK), banks, financial leasing, factoring, financing, savings finance, and asset management companies are required to transition to inflation accounting as of January 1, 2025.