2024 ANNUAL REPORT

2024

EKSPO
Faktoring A.Ş.

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LEVERAGING OUR EXTENSIVE EXPERIENCE IN THE BANKING SECTOR AND OUR STRATEGIC VISION, WE REMAIN COMMITTED TO OUR SUSTAINABLE GROWTH TARGETS. WITH A ROBUST FINANCIAL STRUCTURE BUILT ON A SOLID FOUNDATION AND SUPPORTED BY A HIGHLY QUALIFIED TEAM, WE CONTINUE TO CONTRIBUTE TO THE ADVANCEMENT OF THE FACTORING SECTOR. OUR COMPREHENSIVE PRODUCT PORTFOLIO AND LONG-TERM PERSPECTIVE STRENGTHEN OUR CORPORATE SUCCESS AND ENHANCE OUR GLOBAL COMPETITIVENESS EVERY DAY.

TO ENSURE THE HIGHEST LEVEL OF CUSTOMER SATISFACTION, WE CONTINUALLY REVIEW AND REFINE OUR PROCESSES TO ADDRESS EVOLVING NEEDS, WHILE CONSISTENTLY IMPROVING OUR CORPORATE STRUCTURE. FURTHER REINFORCED BY THE INVALUABLE CONTRIBUTIONS OF OUR EMPLOYEES, THIS STRUCTURE DRIVES US TOWARD EVEN GREATER GOALS.

THE PAST YEAR WAS DEFINED BY STRENGTHENING OUR CORPORATE STABILITY AND FORWARD-LOOKING APPROACH. WE MOVE INTO THE FUTURE WITH THE SAME CONFIDENCE, FOCUS, AND DETERMINATION.

GÜRBÜZ TÜMAY
HONORARY CHAIRMAN

MESSAGE FROM THE CHAIRMAN

Esteemed Shareholders,

The year 2024 was shaped by significant global economic and political developments. The US presidential elections brought volatility to global markets, while the Federal Reserve's post-election interest rate cuts helped ease global liquidity conditions to some extent. Domestically, the Central Bank of the Republic of Türkiye maintained its tight monetary policy, leading to greater stability in key economic indicators and initiating a gradual control of inflationary pressures. At Ekspo Faktoring, we remained a dependable source of financing for the real sector, continuing to support our clients' liquidity needs throughout this period of transition.

Thanks to monetary tightening and structural measures implemented throughout 2024, the Turkish economy entered a period of rebalancing. Inflation began to decline in the second half of the year, while economic growth closed at approximately 3.2%. The banking sector grew by 37.5%, maintaining asset quality, and rebuilding a healthier credit-to-deposit ratio. Despite weakening global demand, Türkiye's exports reached USD 261.8 billion, contributing to a slight narrowing of the foreign trade deficit. In this environment, the factoring sector took on an even more critical role in addressing the financing needs of SMEs. Aware of this responsibility, Ekspo Faktoring continued to expand its presence and effectiveness in the field.

In this balanced macroeconomic environment, we maintained our strong financial position while staying firmly focused on sustainable growth. Our total revenues increased by 64%, rising from TL 3.275 billion in 2023 to TL 5.383 billion in 2024. This impressive performance reflects our operational effectiveness, our reliability, and our expanding product portfolio.

Our total assets grew by 55%, reaching TL 1 billion 748 million as of year-end 2024, up from TL 1 billion 131 million in 2023. In the same period, our shareholders' equity rose from TL 469 million to TL 673 million, marking a 43.3% year-on-year increase. Net operating profit reached TL 223 million in 2024, up 28% from the previous year, demonstrating the effectiveness of our efficiency-focused strategies and determined risk management approach.

We recorded strong growth in foreign trade financing. While export financing stood at USD 14.1 million and import financing at USD 21.1 million in 2023, export financing reached USD 12.7 million and import financing rose to USD 36.8 million in 2024. This increase clearly reflects the expansion in foreign trade volume and the growing impact of our solutions for international clients. Additionally, our USD 10 million 370-day export credit agreement with the Black Sea Trade & Development Bank (BSTDB) was successfully renewed in 2024. This credit facility continues to play a key role in enabling us to offer competitive financing to our exporter clients.

We also maintained momentum in our digitalization efforts throughout 2024. We invested further in information technologies to enhance the customer experience, boost operational efficiency, and strengthen the effectiveness of risk management. Leveraging artificial intelligence and data analytics-based systems, we significantly improved the efficiency of our credit allocation and collection processes. At the same time, we upgraded our security protocols in line with international standards while expanding the scope of our service offerings.

As we look ahead to 2025, we are focused on delivering faster, more transparent, and more accessible services to our clients by continuing to strengthen our digital infrastructure. In line with our sustainable growth strategy, we remain committed to supporting the Turkish economy with our solid financial foundation and increasing our contributions to the real sector.

I would like to extend my sincere thanks to my colleagues whose dedication has made these achievements possible, and to our clients, business partners, and stakeholders for their continued trust and support.

May 2025 bring health, success, and prosperity to us all.

Sincerely,

CHAIRMAN'S MESSAGE

MURAT TÜMAY
CHAIRMAN &
GENERAL MANAGER

BOARD OF DIRECTORS

MURAT TÜMAY
CHAIRMAN & GENERAL MANAGER

Murat Tümay (born 1974, Istanbul) holds a bachelor's degree in Economics from Clark University in Massachusetts, US. He started his professional career in 1997 at The Park Avenue Bank N.A. as an analyst, and held the roles of Assistant Manager and Manager in the following years. After working in executive positions at Turkcell İletişim Hizmetleri and İş-Tim Telekomünikasyon Hizmetleri A.Ş. (2000-2002), he started Ekspo Faktoring A.Ş. where he has served as General Manager and Chairman since 2002.

ZEYNEP Ş. AKÇAKAYALIOĞLU
DEPUTY CHAIR

Zeynep Şükriye Akçakayalıoğlu (born 1969, Istanbul) holds a bachelor's degree in Business Administration Systems from the University of West Georgia, Georgia, US. She worked as a Director at Arthur Andersen Human Resources Consultancy from 1991 to 1999. In 2000, she completed the Owners Presidents Management Program at Harvard University. Zeynep Akçakayalıoğlu, a founding partner and board member at Royal Yönetim Danışmanlığı A.Ş. since 1999, has also been a founding partner and vice chair at Ekspo Faktoring A.Ş. since the firm's establishment.

HASAN AKÇAKAYALIOĞLU
BOARD MEMBER

Hasan Akçakayalıoğlu (born 1963, Ankara), holds bachelor's and master's degrees in Computer Engineering from Middle East Technical University, Ankara and an MBA from Yeditepe University, Istanbul, respectively. Mr. Akçakayalıoğlu worked at the London and Istanbul offices of Arthur Andersen & Andersen Consulting, and served in executive positions and as general manager at a number of banks. In addition to board memberships at various banks in the Netherlands, Romania, Bulgaria and Kazakhstan, he also served as a board member at the Turkish Industry & Business Association (TÜSİAD) and as the Chairman of the Business Council under Foreign Economic Relations Board (DEIK). Mr. Akçakayalıoğlu is currently the Chairman of Demir Kyrgyz International Bank and also an independent board member in TFI TAB Gıda Yatırımları and Abdi İbrahim İlaç Sanayi ve Tic A.Ş. He has served on the Board of Ekspo Faktoring A.Ş. since October 2018.

ŞERİF ORHAN ÇOLAK
BOARD MEMBER

Şerif Orhan Çolak (born 1945, Istanbul) studied Economics at Université de Neuchâtel, Switzerland. His professional career began as a manager at Altın Mekik Tic. ve San. A.Ş. in 1971. Over the years, he worked as a director in various financial institutions, including Uluslararası Endüstri ve Ticaret Bankası A.Ş., Factofinans A.Ş., Banque Internationale de Commerce, İktisat Bankası T.A.Ş., Crédit Lyonnais Suisse and Crédit Agricole Suisse. Mr. Çolak has served on the Board of Ekspo Faktoring A.Ş. since 2011.

ABOUT

EKSPO FAKTORİNG MAINTAINING A SUSTAINABLE GROWTH TRAJECTORY WITH ITS SERVICE APPROACH FOCUSED ON QUALITY AND EFFICIENCY, AIMS TO REACH AN ASSET SIZE OF TL 3.2 BILLION IN 2025 THROUGH CONTINUED GROWTH.

MISSION

Leading the way for the non-banking financial sector in increasing its share in domestic and foreign trade by enriching its corporate product portfolio with the latest and highly demanded global financing models and by leveraging cutting-edge technological advancements, which the digital age requires.

Offering advantageous financial solutions to companies operating in diverse industries by gaining a competitive edge in the sector with its corporate governance approach, innovative products and competent human resources.

Operating with a focus on quality and efficiency by understanding customer needs and expectations accurately and offering the most suitable solutions, while upholding ethical values and assuming social responsibility.

Becoming a regional leader in international trade by developing new products.

Introducing industry-first products and services with a visionary perspective and innovative applications.

VISION

STRATEGIC TARGETS

VISION

Operating as a reputable institution that constantly creates difference and value in line with its deep-rooted history by embracing its clients and human resource as its most valuable assets.

Meeting the highest ethical, transparency and professionalism standards when delivering the products, services and experience to enable every company in every industry to grow.

Reaching an asset size of TL 3.2 billion in 2025 by maintaining consistent growth.

STRATEGIC TARGETS

Responding to the evolving needs of the real sector with innovative products and services.

Capturing a sustainable growth trend with a quality- and efficiency-focused service approach.

Standing out as a company with a highly qualified human resource by offering professional and personal development opportunities to its employees.

Maintaining competitive strength by developing tailored financing models for companies operating in diverse industries.

Contributing to foreign trade by providing financing support for Turkish companies in their international operations.

Identifying the environmental and social risks accurately and integrating them into the business model.

EKSPO FAKTORİNG **AT A GLANCE**

Establishment

2000

Ekspo Faktoring, founded in 2000 with a capital of TL 1 million and backed with over half a century of banking experience and expertise, moves forward with confident steps, following its mission of bringing a new perspective to the factoring sector.

Trust-based business approach

Ekspo Faktoring enjoys a reputable position in the financial sector with its service excellence standards, innovative practices, and a transparency- and trust-based approach.

Pioneer of innovations

Marking many firsts in the sector with innovative solutions, services and products, Ekspo Faktoring remains focused on sustainable growth, leveraging a strong capital structure, an innovative management approach, and a highly skilled human resource to ensure quality and efficient service and customer satisfaction.

Leading in high standards

As an innovative company elevating the transparency and reliability standards in the sector, Ekspo Faktoring maintains a pioneering position, publishing annual reports, discloses its financial statements regularly, undergoing independent audits, and using SWIFT (The Society for Worldwide Interbank Financial Telecommunication System).

Tradition meets innovation

With the second generation at the helm, Ekspo Faktoring has integrated its innovative perspective into all business processes across the organization, while always remaining loyal to its foundational values. Combining long years of expertise with the latest approaches gives the company a unique competitive edge.

Fast and effective solutions

Ekspo Faktoring recognizes the importance of adapting to the rapid changes in the world and anticipating future trends as key priorities. Accordingly, the company adopts a proactive approach to preparing for tomorrow's dynamics.

Broad service portfolio

Ekspo Faktoring offers a wide array of services to meet the financing needs of companies operating across a diverse spectrum of industries that form the backbone of the Turkish economy.

Tailored solutions

One aspect that sets Ekspo Faktoring apart is its ability to develop unique and creative products, tailored to clients by analyzing their requirements and expectations, and to offer optimal financing, guarantees and cash management solutions for their potential future needs.

Long-lasting partnerships

Ekspo Faktoring strives to build long-lasting client relationships built on mutual trust. Focusing on portfolio efficiency and adopting a proactive approach, Ekspo Faktoring maintains a client retention rate above the sector average. The company follows its clients' activities and the developments in their respective industries closely, and keeps relations alive and well through regular communications.

Exclusive service approach

Ekspo Faktoring works with some of the most prominent Turkish companies, aiming to provide exclusive services and contributing to their growth by focusing both on the clients' transactions in the domestic markets and also on exports.

Robust and transparent structure

Empowered by a strong financial structure and thanks to a management approach shaped around transparency, accountability and integrity, Ekspo Faktoring enjoys a reputable position as a trusted, open and consistent company in the global financial markets.

Global competitive advantage

With its financial superiority and strength confirmed by international rating agencies, and strong international correspondent relations thanks to a wide correspondent network from the USA and Germany to China and Korea, Ekspo Faktoring boasts a significant competitive advantage.

Long-term financing resources

The company continues to build on these strengths by partnering with local and international banks and financial institutions. Such collaborations also enable Ekspo Faktoring to support its clients' competitiveness by providing medium- and long-term import financing and guarantees.

Qualified human resource

The human resource of the company, which ranks among the strongest Turkish financial institutions in terms of intellectual capital, works with high ethical standards and a sense of responsibility, and forms the basis of the corporate culture that drives Ekspo Faktoring to the future. Constantly enhancing its service infrastructure and elevating the competence of its human resource, the company equips its employees with the skills to develop creative solutions.

Secure information exchange

In 2012 Ekspo Faktoring marked a first in the sector by implementing the SWIFT (Society for Worldwide Interbank Financial Telecommunication) system to perform transactions with banks and international financial institutions in a secure environment of correspondence and information exchange. The company, which started to communicate with banks and international financial institutions through this system, renewed its system infrastructure in 2014. In 2016 new system investments were made to meet the requirements of the Risk Center under the Banks Association of Türkiye. With these investments, the virtual platform capacity of the company was doubled and steps were taken to create logging and testing environments, shift to centralized management of the technological infrastructure, and enhance data security.

Proactive risk management

In addition to monitoring the financial risks emerging in the current economic landscape, Ekspo Faktoring also remains alert to potential natural disasters and environmental risks, aiming to build a diverse and sustainable portfolio with risk management through customer analyses and visits, while ensuring that they are not concentrated in specific regions of the country. Therefore, the company develops opportunities to work with large enterprises operating in different geographical locations and diverse industries.

Foreign Trade Volume

~827 MILLION USD

Offering Türkiye's first structured financing products for various industries, Ekspo Faktoring has acted as an intermediary in foreign trade transactions amounting to a total of nearly USD 827 million in the last 14 years, including letter of credit transactions amounting to USD 170 million.

Shareholders' Equity

~673 MILLION TL

Boasting a strong shareholders' equity, the company has consistently navigated through crises, always looking to the future with confidence toward its sustainable growth targets, empowered by an innovative vision and a qualified human resource.

MANAGEMENT APPROACH

EMPOWERED BY THE DEEP EXPERTISE OF ITS FOUNDERS AND GUIDED BY THE INNOVATIVE PERSPECTIVE OF THE SECOND GENERATION IN LEADERSHIP, EKSPO FAKTORİNG EFFECTIVELY IMPLEMENTS A "NEXT-GENERATION TRADITIONAL BANKING" APPROACH.

Evolving industry standards

Ekspo Faktoring operates in accordance with ethical values, international standards, and applicable legislation to maintain its strong performance. The company's corporate governance approach is built on transparency, disciplined risk management, and effective internal control mechanisms. As a pioneer in the industry, being among the first to undergo independent international audits, publicly disclose financial statements, and publish annual reports, Ekspo Faktoring contributes significantly to elevating standards across the sector.

Sustainable corporate development

Ekspo Faktoring continues to strengthen its corporate governance framework to ensure consistent implementation across all departments, enhance internal communication, and reinforce the company culture. The company advances its goal of sustainable corporate development through dedicated committees that optimize business processes and support a sound, efficient management approach.

COMMITTEES

Asset-Liability Committee (ALCO): ALCO, headed by the General Manager, convenes weekly with group managers from functions that might affect the balance sheet. The meeting agenda includes evaluation of the balance sheet, departmental activities, credit risks of clients, general economic data, current political and economic developments, current legislation, and prospective placements as well as determination of the weekly strategy.

Risk Assessment Committee: Convening weekly and more frequently when needed for addressing the economic and client-related risks, the Risk Assessment Committee reviews the proposals regarding corporate clients' utilization requests and evaluates the suggestions of the Marketing Department to approve or reject them within the limits of its authority. Proposals exceeding these limits are submitted to the Board of Directors for approval.

Liquidity Committee: The Liquidity Committee, chaired by the General Manager, convenes weekly with senior executives. Current interest rates in the financial markets, weekly positions to be taken with the banks and interest rates offered by banks are discussed, considering daily, weekly, quarterly, six-monthly, and if possible, annual outlooks. Assessing available bank limits and collaterals maintained with banks, determining the financial institutions for collaborations, obtaining information about

50+

YEARS OF BANKING EXPERIENCE

their financial structures, and researching alternative financial resources also fall within the responsibilities of the committee.

Human Resources Committee: The Human Resources Committee, headed by the Board Member in charge of human resources, convenes every December. The Committee evaluates the vertical (advancement in title as well as duties and responsibilities) and horizontal (a change in duties and responsibilities under the same title) mobility of all employees and reaches its final decisions. The Committee also determines the actions - from orientation processes for new employees to training programs - to build a highly qualified, motivated and dedicated human resource.

Information Technologies Committee: The Information Technologies Committee, headed by the General Manager, convenes annually and is responsible for researching the latest information technologies in which the company might need to invest. Ekspo Faktoring is audited by an international independent audit firm to prevent the internal and external risks associated with information technologies. Taking action based on audit results is among the primary duties of this committee.

EKSPO FAKTORING IS COMMITTED TO CONSISTENTLY APPLYING ITS CORPORATE GOVERNANCE STANDARDS ACROSS THE ORGANIZATION, STRENGTHENING INTERNAL COMMUNICATION, AND FURTHER REINFORCING ITS CORPORATE CULTURE.

PRODUCTS AND **SERVICES**

OFFERING TAILORED SOLUTIONS TO MEET THE FINANCING REQUIREMENTS OF ITS CLIENTS ACROSS DIVERSE INDUSTRIES, EKSPO FAKTORİNG REMAINS FOCUSED ON CONTINUOUSLY ENHANCING ITS PRODUCT PORTFOLIO, IMPLEMENTING MORE EFFECTIVE MARKETING STRATEGIES, AND DELIVERING THE HIGHEST LEVEL OF CUSTOMER SATISFACTION.

Structured Finance

Importing raw materials for export-aimed production needs as well as generating energy and mining natural resources play a critical role in the exports and national welfare of Türkiye and many other emerging economies. With commodity prices trending high in recent years and causing an unprecedented rise in demand, businesses are forced to seek additional credit lines. Structured finance, which has so far been effective in meeting these demands, functions as a way of creating funds by pledging future cash flows and current receivables as collateral. Ekspo Faktoring has been providing structured pre-export financing options since 2012. With more than USD 150 million in structured finance secured through international finance institutions to date, Ekspo Faktoring has supported industrial companies in sourcing raw materials.

Pre-shipment Financing

Since 2008, Ekspo Faktoring has provided pre-shipment financing services that enable the clients to receive an advance payment to fund their costs up to shipment. A certain percentage of the total export amount is extended on the condition that the export contract is assigned to Ekspo Faktoring. This percentage is determined by considering several parameters, including the continuity and reliability of the relations between the client and the buyer, shipping time and the client's credibility since the amount would be claimed from the client in the event that the export receivable cannot be collected. This type of financing allows the clients to gain a price advantage in procuring the goods in cash or to perform debt servicing.

Import Financing

With its international reputation and correspondent network, Ekspo Faktoring is able to meet its clients' import finance needs swiftly. The guarantee given by Ekspo Faktoring to the foreign parties against the risk of non-payment by the importing clients is accepted by international banks. The guarantee that Ekspo Faktoring extends is recognized by some of the largest banks in the Far East, Asia, the US and Europe. A discount may be applied if needed, and the seller may be paid in advance.

36.8+

MILLION USD
Import Financing

12.7+

MILLION USD
Export Financing

49.5

MILLION USD
Foreign Trade Finance

Export Financing
Cash flow is a common problem that many exporters face. With long years of experience in this field, Ekspo Faktoring has been offering export finance since 2002. In export finance, the company extends funds at attractive prices for exporters against their current or future receivables. Furthermore, comprehensive insurance agreements with export development agencies or private insurance companies provide long-term funding for machinery or large-scale commodity exports to emerging markets with a certain level of risk or countries that experience domestic turbulence, thus preventing potential political or credit risks. Ekspo Faktoring, which became one of the first factoring companies to be allocated a credit line by the Turkish Eximbank in 2015, has also signed a loan agreement with Black Sea Trade & Development Bank in 2013 for international trade financing. This line of credit is utilized to support Turkish companies' exports to global markets.

Supplier Finance
Ekspo Faktoring offers supplier financing to its clients as an essential service for business growth and continuity. Many companies utilize supplier finance as an important leverage for generating operating capital and financing. Large-scale buyers that benefit from supplier finance are able to create an alternative financing option at a lower cost for suppliers of goods and services in all sizes to help them with their cash flows.

Trade Finance Solutions
With a team of highly qualified experts, Ekspo Faktoring provides unique financing schemes to help its clients achieve liquidity. Trade finance solutions involve a structure in which several products that Ekspo Faktoring offers can be combined to meet client needs. These include purchasing current or future receivables, guarantees, purchasing trade receivables irrevocably, supply chain financing, discounting confirmed letters of credit, post-financing, assignment of receivables, giving payment guarantees and inventory financing. To date, the company has met its clients' financing needs with several structuring deals and continues to pursue new and creative solutions.

Ekspo Faktoring;

- **Extends guarantee and collection services in addition to financing domestic and international transactions by anticipating the clients' future needs, supporting them in undertaking and delivering successful projects and business processes.**

- **Seizes the opportunities in Türkiye's trade partner markets and offers optimal financing solutions to support clients toward creating maximum added value.**

- **Aims to provide accessible financing to companies engaging in foreign trade in 2025 – despite the prevailing economic volatility – and to become a trusted partner for its clients by consistently ensuring transparency and due diligence.**

FINANCIAL ADVANTAGES

IN 2024, EKSPO FAKTORİNG FURTHER STRENGTHENED ITS CORRESPONDENT RELATIONSHIPS WITH BOTH LOCAL AND INTERNATIONAL BANKS AND FINANCIAL INSTITUTIONS, REINFORCING ITS POSITION AS A RELIABLE FINANCIAL PARTNER FOR EXPORTERS AND IMPORTERS THROUGH EFFECTIVE FOREIGN TRADE FINANCING SOLUTIONS.

World-class results

Offering innovative products and services in the non-bank financial sector enables Ekspo Faktoring to provide its clients with a competitive advantage. Upholding the principles of mutual trust and transparency, the company maintains a consistent growth trend by generating accessible resources. In 2024 Ekspo Faktoring continued to further strengthen its correspondent relationships with local and international banks and financial institutions and develop effective foreign trade financing solutions to become one of the strongest financial partners of its exporter and importer clients, moving toward its long-term strategic targets with confident steps.

Extensive product and service portfolio

The products and services that Ekspo Faktoring offers include a variety of international transactions such as Irrevocable Export Financing, Revocable Export Financing, Assignment of Export Letters of Credit, Opening Import Letters of Credit, Assignment of Export Receivables with Acceptance Credit, Import Financing, and Direct Factoring. Assignment of Receivables with or without Notice, and Assignment of Receivables via Checks and Bonds are also part of the company's product and service offering for the domestic market. Providing products and services for financing deferred trade transactions, the company has gained a significant competitive edge since 2011 by focusing on supplier finance.

Tailored financial solutions

Ekspo Faktoring provides market consultancy services, industry analyses and project finance among other areas with its expertise in domestic and international transactions, which enable the company to develop financial solutions tailored to client needs and expectations. The company adopts a proactive approach to meeting the strategic and financial requirements of its clients, catering to them as "business partners."

Continuous asset size increase

With long years of expertise in the sector, a qualified human resource and a strong funding structure, Ekspo Faktoring generates fast and effective solutions to meet client expectations and requirements and embraces this approach in serving numerous local and international businesses operating in diverse industries. With an asset size amounting to TL 1.75 billion as of year-

99%

Ratio of the Company's Revocable Receivables

38%

Shareholders' Equity/ Total Asset Ratio

FOUNDED IN 2000 WITH AN INITIAL CAPITAL OF TL 1 MILLION, EKSPO FAKTORİNG HAS MAINTAINED A STEADY GROWTH TRAJECTORY, DRIVEN BY ITS LONG-TERM VISION OF SUSTAINABLE SUCCESS.

end 2024, the company confidently moves toward its 2025 target of reaching TL 3.2 billion in placements. Enjoying international recognition, Ekspo Faktoring aims to maintain its profitability and increase its strong support for the real sector.

Lasting, long-term growth

Ekspo Faktoring, founded in 2000 with TL 1 million capital, maintains a consistent growth trend by focusing firmly on continued success. As of year-end 2024, the shareholders' equity of the company reached TL 673.1 million and a transaction volume of TL 5.4 billion, with its main operations resulting in TL 307.8 million in profit before tax. Domestic transactions accounted for 69.4% of Ekspo Faktoring's revenues and international transactions for 30.6%. Ekspo Faktoring carries manageable levels of maturity, liquidity and currency risks, and traditionally does not pay out dividends, regularly retaining the profits in shareholders' equity.

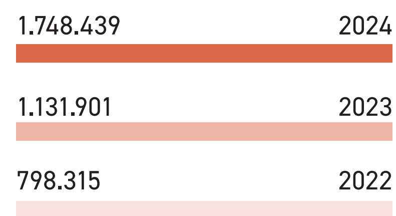
Sustainable profitability

Ekspo Faktoring carries out its activities by relying mainly on its shareholders' equity, and delivers highly sustainable profitability thanks to its effective business processes. Pursuant to Banking Regulation and Supervision Agency (BRSA) regulations, non-bank finance companies are required to continuously maintain a shareholders' equity/total assets ratio of minimum 3%. Despite the market volatilities in 2024, Ekspo Faktoring has captured a remarkable ratio of 38%.

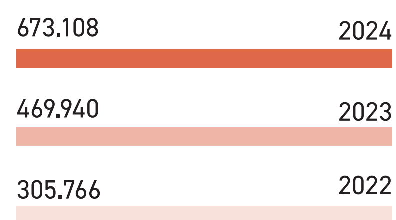
Competitive advantage in the market

Ekspo Faktoring operates with a low leverage ratio as a key competitive advantage that enables the company to develop strong relationships with local and international correspondents and financial institutions. Currently, Ekspo Faktoring's receivables are 98% revocable. Furthermore, the company acts with due diligence to ensure that a single party's debt does not exceed 10% of the related client's total outstanding risk. This is a clear indication of the company's high asset quality and the reliability of its rating system. Ekspo Faktoring continuously improves its risk assessment system using methods applied by leading international rating agencies to assess its financial receivables in a sound and consistent manner, which enables the company to add low-risk clients to its portfolio and maintain the asset quality above sector average.

TOTAL ASSETS (TL THOUSAND)



TOTAL SHAREHOLDERS' EQUITY (TL THOUSAND)



TRANSACTIONS FINANCED **IN 2024**

EKSPO FAKTORİNG ADOPTS A TARGETED MARKETING APPROACH AND ACTS AS A STRONG BRIDGE BETWEEN THE TURKISH PRIVATE SECTOR AND THE LOCAL AND INTERNATIONAL FINANCIAL INSTITUTIONS. FOR THE LAST 14 YEARS, THE COMPANY HAS SUPPORTED CLIENTS ACROSS A WIDE RANGE OF INDUSTRIES BY FINANCING FOREIGN TRADE TRANSACTIONS TOTALING NEARLY USD 827 MILLION.

5.4

billion TL 2024 total revenue

TRANSACTIONS FINANCED IN 2024 BY INDUSTRY (%)

TEXTILES AND TEXTILE PRODUCTS	24.49%
WHOLESALE AND RETAIL TRADE MOTOR VEHICLES AFTERSALES SERVICES	19.77%
CHEMICALS AND SYNTHETIC FIBERS INDUSTRIES	13.00%
CONSTRUCTION	6.78%
LEATHER AND LEATHER GOODS INDUSTRY	6.56%
FINANCIAL BROKERAGE	5.11%
HOTELS AND RESTAURANTS (HOSPITALITY)	4.49%
TRANSPORTATION VEHICLES INDUSTRY	4.07%
OTHER NON-METAL MINING INDUSTRY	3.80%
FOOD & BEVERAGE AND TOBACCO INDUSTRIES	2.28%
REAL ESTATE AGENCY, PROPERTY RENTAL AND OPERATION ACTIVITIES	2.23%
PAPER PULP AND PAPER PRODUCT PRINTING INDUSTRY	2,07%
OTHER CIVIC, SOCIAL, AND PERSONAL SERVICES	1.92%
WOOD AND WOOD PRODUCTS INDUSTRY	0.86%
MACHINERY AND EQUIPMENT INDUSTRY	0.59%
RUBBER AND PLASTICS INDUSTRY	0.58%
AGRICULTURE, ANIMAL HUSBANDRY, FORESTRY	0.57%
TRANSPORTATION, WAREHOUSING AND COMMUNICATION	0.47%
PRIVATE BUSINESSES EMPLOYING WORKERS	0.27%
MAIN METAL INDUSTRY AND FINISHED GOODS MANUFACTURING	0.10%

FOREIGN TRADE TRANSACTIONS FINANCED **IN 2024**

IN 2024, EKSPO FAKTORİNG CONTINUED TO SUPPORT THE FOREIGN TRADE OPERATIONS OF ITS CLIENTS ACROSS VARIOUS INDUSTRIES, PROVIDING A TOTAL OF USD 49.5 MILLION IN FINANCING, COMPRISING USD 12.7 MILLION FOR EXPORT TRANSACTIONS AND USD 36.8 MILLION FOR IMPORT TRANSACTIONS.

TRANSACTIONS FINANCED IN 2024 BY INDUSTRY (%)

EXPORTS

TEXTILES AND TEXTILE PRODUCTS	54.46%
WHOLESALE AND RETAIL TRADE MOTOR VEHICLES AFTERSALES SERVICES	18.35%
TRANSPORTATION VEHICLES INDUSTRY	12.74%
CHEMICALS AND SYNTHETIC FIBERS INDUSTRY	9.26%
OTHER NON-METAL MINING INDUSTRY	4.48%
MAIN METAL INDUSTRY AND FINISHED GOODS MANUFACTURING	0.70%

IMPORTS

TEXTILES AND TEXTILE PRODUCTS	63.37%
WHOLESALE AND RETAIL TRADE MOTOR VEHICLES AFTERSALES SERVICES	19.34%
CHEMICALS AND SYNTHETIC FIBERS INDUSTRY	11.60%
OTHER NON-METAL MINING INDUSTRY	4.84%
FOOD & BEVERAGE AND TOBACCO INDUSTRIES	0.85%

TOTAL EXPORT FINANCING
12.71 MILLION USD (25.66%)

TOTAL IMPORT FINANCING
36.82 MILLION USD (74.34%)

TOTAL
49.53 MILLION USD

IMPORTS

23.3 MILLION USD
Textiles and Textile Products Import Financing

7.1 MILLION USD
Wholesale and Retail Trade Motor Vehicles Aftersales Services Import Financing

4.2 MILLION USD
Chemicals and Synthetic Fibers Industry Import Financing

EXPORTS

6.9 MILLION USD
Textiles and Textile Products Export Financing

2.3 MILLION USD
Wholesale and Retail Trade Motor Vehicles Aftersales Services Export Financing

1.6 MILLION USD
Transportation Vehicles Industry Export Financing

2024 PERFORMANCE

EMPOWERED BY ITS TRANSPARENT MANAGEMENT APPROACH, STRONG INTERNATIONAL PARTNERSHIPS, HIGHLY SKILLED TEAM, AND INDUSTRY-LEADING PRACTICES, EKSPO FAKTORİNG PLAYED A KEY ROLE IN MAJOR PROJECTS THROUGHOUT 2024, CONTINUING TO OFFER INNOVATIVE SOLUTIONS TO MEET ITS CLIENTS' FINANCIAL NEEDS.

AA (tr)

Long-term National Credit Rating

CORRESPONDENT NETWORK

- Canada
- USA
- Germany
- China
- Korea
- Taiwan

Asset size growth

Ekspo Faktoring closed 2024 with strong financial results, reaching TL 1.75 billion in total assets and TL 5.4 billion in revenues. The company recorded TL 307.8 million in profit before tax, while shareholders' equity rose by 43.25% to TL 673.1 million. Export revenues totaled USD 12.7 million and import revenues USD 36.8 million. Domestic transactions accounted for 69.36% of total revenues, with international transactions making up the remaining 30.64%.

Solution-focused support

In 2024, Ekspo Faktoring maintained its leading position in the sector by providing export and import financing while delivering tailored solutions to client needs through its expert team. The company expanded its product and service offering and continued to support both importers and exporters with effective financial solutions. Despite economic challenges during the year, Ekspo Faktoring contributed to client growth by extending nearly USD 50 million in foreign trade financing.

Business-specific financing

Ekspo Faktoring's wide international correspondent network and tailored financing solutions create a significant competitive advantage for Turkish exporters navigating challenging market conditions. Always exploring new markets for export products and aiming to offer exporters advantages in international markets, Ekspo Faktoring extended USD 12.7 million in export financing to several industries, including textiles and textile products, wholesale and retail trade motor vehicles aftersales services, and chemicals and synthetic fibers in 2024.

Contributing to global trade

Pursuing its vision of becoming a global player, Ekspo Faktoring joined Factors Chain International (FCI), the world's largest non-bank financial services network, in 2004. FCI was set up in 1968 as an umbrella organization to support the development of global trade volume and promote best practices in international standards. Transactions carried out by FCI members, consisting of nearly 400 companies in 90 countries, account

5.4
BILLION TL
Revenues

1.75
BILLION TL
Asset Size

307.8
MILLION TL
Profit Before Tax

for approximately 80% of global factoring volume. In 2024, Ekspo Faktoring continued to expand its correspondent network and financial resources by further developing its partnerships.

Compliance with international standards

Ekspo Faktoring enjoys a privileged position in the sector with a strong shareholders' equity and healthy asset quality. The company has been evaluated by various international rating agencies, including Fitch, Moody's, and JCR Eurasia Rating since 2006. The company changes the rating agencies and audit firms at certain intervals as specified by the European Union Audit Reform for the assurance of audit results and ratings.

Most recently, JCR Eurasia Rating increased the Long-term National Rating of Ekspo Faktoring from AA-(TR) to AA(TR) and determined its outlook as Stable. Long-term revenue generation capability, asset quality, a capital adequacy ratio above the factoring sector average and lower leverage ratios as well as high level of risk management skills, experience and effective management capabilities were instrumental in Ekspo Faktoring receiving this rating.

IN 2024, EKSPO FAKTORİNG PROVIDED INNOVATIVE FINANCIAL SOLUTIONS AND SUPPORT TO HELP ITS CLIENTS ACHIEVE THEIR GROWTH TARGETS, CONTRIBUTING NEARLY USD 50 MILLION IN FOREIGN TRADE FINANCING.

FINANCIAL INDICATORS

IN 2024, EKSPO FAKTORİNG GREW ITS ASSET SIZE TO TL 1.75 BILLION, REVENUES TO TL 5.4 BILLION, AND PROFIT BEFORE TAX TO TL 307.8 MILLION.

FINANCIAL INDICATORS (TL THOUSAND)	DECEMBER 2022	DECEMBER 2023	DECEMBER 2024
TURNOVER	2,503,789	**3,275,435**	**5,383,775**
TOTAL ASSETS	798,315	**1,131,902**	**1,748,439**
TOTAL SHAREHOLDERS' EQUITY	305,766	**469,840**	**673,108**
PAID-IN CAPITAL	60,000	**60,000**	**60,000**
NET WORKING CAPITAL	274,145	**440,270**	**643,176**
FACTORING RECEIVABLES	701,928	**1,030,819**	**1,603,154**
FACTORING PAYABLES	10,852	**37,812**	**4,923**
NET ADVANCES TO CLIENTS	691,076	**993,007**	**1,598,231**
BANK LOANS, BOND LOANS	466,465	**583,463**	**1,018,188**
TOTAL INCOME	226,237	**430,651**	**731,737**
FACTORING INCOME	190,908	**349,071**	**699,171**
NET PROFIT	74,987	**174,174**	**223,168**

FINANCIAL DATA (%)	DECEMBER 2022	DECEMBER 2023	DECEMBER 2024
CURRENT RATIO (TIMES)	1.56	**1.67**	**1.6**
LIQUIDITY RATIO (TIMES)	1.54	**1.61**	**1.54**
NET WORKING CAPITAL/TOTAL ASSETS RATIO	34	**39**	**37**
LIQUID ASSETS/TOTAL ASSETS RATIO	95	**94**	**94**
DEBTS/ASSETS (INDEBTEDNESS RATIO)	62	**58**	**62**
DEBTS/EQUITY (FINANCIAL LEVERAGE RATIO) (TIMES)	1.53	**1.24**	**1.51**
FINANCIAL LIABILITIES/TOTAL ASSETS RATIO	62	**58**	**62**
INTEREST COVERAGE RATIO (TIMES)	2.04	**2.55**	**1.78**
GROSS PROFIT MARGIN	27	**34**	**44**
NET PROFIT MARGIN (SALES PROFITABILITY)	18	**33**	**23**
RETURN ON EQUITY (EQUITY PROFITABILITY)	37	**56**	**54**

TOTAL TURNOVER	(TL THOUSAND)
2024	5,383,775
2023	3,275,435
2022	2,503,789

TOTAL INCOME	(TL THOUSAND)
2024	731,737
2023	430,651
2022	226,237

GROSS PROFIT	(TL THOUSAND)
2024	307,798
2023	218,750
2022	100,636

TOTAL ASSETS	(TL THOUSAND)
2024	673,108
2023	469,940
2022	305,766

TOTAL SHAREHOLDERS' EQUITY	(TL THOUSAND)
2024	1,748,439
2023	1,131,901
2022	798,315

FACTORING RECEIVABLES	(TL THOUSAND)
2024	1,603,154
2023	1,030,819
2022	701,928

EKSPO FAKTORİNG REMAINS COMMITTED TO THE PRINCIPLES OF TRANSPARENCY AND ACCOUNTABILITY AND UNDERGOES AUDITS TWICE A YEAR BY AN INTERNATIONAL INDEPENDENT AUDIT FIRM.

GLOBAL ECONOMY

THE GLOBAL ECONOMY WAS PROJECTED TO GROW BY 3.3% IN 2024, CLOSELY ALIGNED WITH THE 3.3% GROWTH RECORDED IN 2023. WHILE INFLATIONARY PRESSURES BEGAN TO EASE DURING THE YEAR, 2024 ALSO STOOD OUT AS A YEAR MARKED BY SLOWER GROWTH IN SEVERAL ECONOMIES.

Inflation remains persistent in the service sector

While inflation in essential goods steadily declined throughout 2024, the same trend was not observed in the service sector, particularly in the United States and the Eurozone. In many emerging markets, including Türkiye, inflation generally remained elevated. In countries facing more persistent inflation, central banks exercised caution regarding interest rate cuts, closely monitoring economic activity, labor market dynamics, and exchange rate fluctuations. Some economies continued to raise interest rates, reflecting a divergence in global monetary policy approaches.

By the end of 2024, annual inflation rates had declined compared to the previous year, reaching 2.9% in the US, 2.5% in the UK, 2.2% in Germany, 2.0% in France, and 1.1% in Italy.

Policy interest rates gradually reduced

As inflation began to decline, central banks initiated a series of policy rate cuts throughout 2024. The US Federal Reserve (FED) lowered its benchmark interest rate by 50 basis points in September 2024, the first cut since July 2023, bringing the target range to 4.75%–5.00%. It followed with additional 25-percentage-point cuts in November and December, ending the year at 4.25%–4.50%. Given the high likelihood of economic slowdown in 2025, the FED is expected to consider further adjustments against the objective of maintaining a low unemployment rate. Meanwhile, the US entered a new political era with the re-election of Donald Trump.

The Bank of England also implemented rate cuts in 2024, reducing the policy rate from 5.25% to 5.00% in August, and to 4.75% in November, holding it steady until year-end. The European Central Bank (ECB) cut its policy rate by 25 basis points to 3.75% in June and implemented further reductions of 25 basis points each in September, October, and December, closing the year with a 3.00% policy rate.

China will boost international investments by reviving domestic demand

China's economy, still recovering from a prolonged real estate crisis in recent years, will explore different markets in the face of additional pressure in 2025 due to new trade restrictions from the US and Europe. In April 2025, the US imposed a 34% tariff on all Chinese imports, to which China responded with reciprocal tariffs of the same rate.

Sources
World Economic Outlook Update, January 2025, IMF
Economic Outlook, December 2024, OECD

In this environment, stimulating domestic demand has become increasingly important for China to sustain its economic growth. While decisions have been made to boost domestic investment, particularly in real estate and through expanded credits, it is unlikely that China will return to the high growth rates of 7% or more seen in previous decades.

China is expected to pursue a more aggressive international investment and export strategy targeting markets outside the US and EU. This approach is likely to intensify competition with

ECONOMIC GROWTH EXPECTATIONS (%)

	Estimated	Projection	
	2024	2025	2026
GLOBAL	**3.3**	**2.8**	**3.0**
DEVELOPED ECONOMIES	**1.8**	**1.4**	**1.5**
USA	2.8	1.8	1.7
EURO ZONE	0.9	0.8	1.2
GERMANY	-0.2	0.0	0.9
FRANCE	1.1	0.6	1.0
ITALY	0.7	0.4	0.8
SPAIN	3.2	2.5	1.8
JAPAN	0.1	0.6	0.6
UK	1.1	1.1	1.4
CANADA	1.5	1.4	1.6
OTHER DEVELOPED ECONOMIES	**2.2**	**1.8**	**2.0**
EMERGING ECONOMIES	**4.3**	**3.7**	**3.9**
CHINA	5.0	4.0	4.0
INDIA	6.5	6.2	6.3
RUSSIA	4.1	1.5	0.9
BRAZIL	3.4	2.0	2.0
MEXICO	1.5	-0.3	1.4
SAUDI ARABIA	1.3	3.0	3.7
SOUTH AFRICA	0.6	1.0	1.3

American and European companies, fueling global economic tensions and uncertainty, particularly in the second half of 2025. According to IMF projections, China's economy grew by 5.0% in 2024 and is forecast to grow by 4.0% in 2025.

Entering 2025, the global economic environment is marked by heightened uncertainty due to escalating geopolitical tensions and trade wars. Key factors contributing to this uncertainty include efforts to curb and control the influence of Iran and its supporters in the Middle East, a more protectionist and inward-looking US economic policy under Trump's renewed leadership, and measures aimed at slowing China's economic rise. These developments are expected to drive change and turmoil in global trade, with potential consequences remaining difficult to fully predict.

Trade wars and geopolitical developments in 2025 signal to a year of uncertainty

The trade war fueled by Trump's proposed tariffs is expected to stagnate global growth. According to OECD projections, the global economy is forecast to grow by 2.8% in 2025 and 3.0% in 2026.

Modern societies are navigating through complex conditions, including demographic populations, climate change, global warming, migration flows, and the rising political influence of right-wing parties. In this environment, breakthroughs in areas such as artificial intelligence, robotics, semiconductor technology, and quantum computing in recent years have presented rare competitive advantages for countries leading in these fields. Competition for global leadership in these fields has escalated tensions between the United States and China.

One expected consequence of the ongoing trade war is higher inflation. However, as rising prices suppress demand, inflation in developed economies is anticipated to stabilize after a slight uptick.

Given the high levels of public debt across many countries, economic revival through infrastructure or state-led investments is unlikely to be a viable option. Therefore, the risk of a global recession appears increasingly probable in 2025.

Despite rapid advancements in artificial intelligence and robotics, most governments and businesses have yet to sufficiently capitalize on these technological developments. The shortage of skilled labor to support innovation in these areas remains a key challenge.

At the same time, both corporations and governments may resort to workforce reductions to boost productivity and balance budgets in a more stagnant economic environment. This could trigger political unrest, particularly in developed economies. In this climate, investors seeking safe-haven assets are expected to rise, with classic instruments such as gold and silver likely to attract renewed interest.

TURKISH ECONOMY

THE POSITIVE IMPACT OF MACROECONOMIC POLICIES INTRODUCED TO CURB INFLATION BEGAN TO WEAKEN AMID THE POLITICAL INSTABILITY THAT EMERGED IN MARCH 2025. DURING THIS PERIOD, THE TURKISH LIRA DEPRECIATED BY 20% AGAINST THE US DOLLAR. ON THE OTHER HAND, INFLATION, WHICH HAD STARTED TO DECLINE IN JULY, FELL FROM 64.77% AT THE END OF 2023 TO 44.38% BY YEAR-END 2024.

The fight against inflation began to yield results

In the lead-up to the local elections on March 31, 2024, expectations of a spike in exchange rates triggered a significant flight from the Turkish Lira. To prevent a potential currency crisis, the policy rate was reduced to 50%, attracting foreign exchange inflows, primarily in the form of "hot money" and helping to stabilize the exchange rate.

Initially, both commercial and retail loan interest rates rose sharply. However, despite high inflation expectations and declining cash flows and revenues, demand for credit remained relatively resilient.

This trend indicates that non-performing loans may cause a growing concern in the period ahead. Meanwhile, the tight monetary policy halted new investments and slowed the economy. Some companies shifted focus from production to profiting from financial investments.

High interest rates also raised concerns about suppressing supply and fueling inflationary pressures. At the same time, Türkiye's vulnerability to capital outflows increased, especially in the face of renewed internal or external risk perceptions.

Heightened stagflation risk in 2025

Exchange rate adjustments lagged behind inflation levels. While the government projected 25% inflation for 2024 in the Medium Term Program, high interest rates began to distort the economic structure.

Tight monetary policy continued to discourage investments and further slowed the economy. As a result of the developments in 2024 and the first quarter of 2025, Türkiye's economy became increasingly fragile in the face of potential capital flight triggered by domestic or geopolitical uncertainties. Accordingly, the risk of stagflation, a combination of high inflation and stagnant growth, intensified in 2025.

Reflecting these developments, economic growth declined from 5.4% in the first quarter of 2024 to 2.2% in the second quarter. Growth in the third and last quarters was recorded as 2.1% and 3%, respectively. Annual growth stood at 3.2%, falling short of the 4% target set in the Medium Term Program. Despite the growth, the Turkish economy remained characterized by significant depreciation of the Turkish Lira and persistently high inflation throughout 2024, continuing trends from the last two years.

The gross monthly minimum wage, which rose to TL 20,002 at the end of 2023, was increased by 23% to TL 26,005 at the end of 2024. The consumer confidence index, which closed 2023 at 77.4, increased to 81.3 by the end of 2024. The economic confidence index, on the other hand, ended 2024 at 98.9, having reached a peak of 100.3 during the year.

In terms of international credit ratings, Moody's upgraded Türkiye's rating from B3 to B1 in July 2024, keeping the outlook positive. Fitch followed in September, raising the rating from B+ to BB- and leaving the outlook stable. In November, S&P also upgraded Türkiye's credit rating from B+ to BB-, though it revised the outlook from positive to stable.

Current account deficit narrowed

Türkiye's current account deficit decreased significantly, falling from USD 45.2 billion in 2023 to USD 10 billion by the end of 2024. The foreign trade deficit also contracted by 22.7%, from USD 106.3 billion to USD 82.2 billion. In 2024, government budget revenues rose by 65.6% year-on-year, reaching TL 8.46 trillion, while expenditures increased by 64.9% to TL 10.72 trillion. As a result, the government budget deficit expanded by 62.4%, totaling TL 2.26 trillion. Tax revenue collection grew by 62.3% during the year, amounting to TL 7.30 trillion. As of December 31, 2024, the government's gross debt stock stood at TL 9.26 trillion, comprised of TL 4 trillion 59 billion in Turkish lira-denominated debt and TL 5 trillion 198 billion in foreign currency-denominated debt.

Foreign trade deficit contracted

The foreign trade deficit, which was USD 106.3 billion in 2023, declined by 22.7% to USD 82.2 billion in 2024. According to the general trade system, exports increased by 2.4% year-on-year to USD 261 billion 801 million, while imports decreased by 5% to USD 344 billion 17 million. The export-to-import coverage ratio improved from 70.6% in 2023 to 76.1% in 2024.

Germany remained Türkiye's top export destination in 2024

Exports to Germany totaled USD 20 billion 432 million, followed by the USA with USD 16 billion 352 million, the UK with USD 15 billion 289 million, Iraq with USD 13 billion 6 million, and Italy with USD 12 billion 954 million. These five countries accounted for 29.8% of Türkiye's total exports.

China ranked first in imports in 2024

Imports from China amounted to USD 44 billion 930 million, followed by Russia with USD 44 billion 18 million, Germany with USD 27 billion 85 million, Italy with USD 19 billion 312 million and an unnamed country with USD 17 billion 915 million. Imports from the first five countries constituted 44.6% of total imports.

Labor force participation rate increased

The seasonally adjusted unemployment rate was 8.6% in 2024. The labor force participation rate rose from 53.3% in December 2023 to 54.2% by December 2024.

Chronic inflation and currency depreciation persisted

As in 2023, the depreciation of the Turkish lira and persistently high inflation, well above the levels observed in other emerging markets, continued to negatively impact the Turkish economy in 2024. The consumer price index (CPI) declined from 64.77% in December 2023 to 44.38% by December 2024. In comparison, average inflation across OECD countries stood at 5.2% in 2024, down from 7.1% in 2023. The Central Bank raised the policy interest rate from 42.5% to 45% in January 2024, followed by a further hike to 50% in March. In December, the rate was adjusted downward to 47.5%. The USD/TL exchange rate, which opened 2024 at 29.4, depreciated by 19.7% over the course of the year, closing at 35.2. As of end-March 2025, the CBRT's foreign exchange reserves stood at USD 50.7 billion, while net reserves, excluding swaps, were estimated at USD 40.8 billion.

2025 outlook

The political instability that emerged in March 2025 has made the year one of the most uncertain in recent history. Public perception that inflation and broader economic challenges will remain unresolved has eroded confidence in economic policies. Continuing from 2024, high inflation remains a key concern for economic recovery, while other critical structural issues, including social impoverishment, income inequality, current account deficits, high external debt risk premiums, and stalled reform initiatives, suggest that the fragile state of the Turkish economy will likely persist in 2025.

The Turkish economy is expected to grow by 3.0% in 2025. However, the OECD's January 2025 report forecasts a slightly lower growth of 2.6%. Early indicators and impressions from the first quarter do not offer much optimism, particularly regarding inflation. The CBRT's year-end inflation target of 24% appears out of reach, with expectations shifting toward a more realistic inflation rate of around 50%.

Rising political risks and economic uncertainties signal to a more challenging year ahead than 2024. In this volatile and potentially stagflationary environment, companies are likely to delay new investment decisions, while access to financing is expected to remain equally difficult. Key concerns for businesses and the economy in 2025 will include the tight monetary policy, further potential interest rate hikes, the impact of stagflation on tax revenues, inflation-driven increases in labor costs, and fluctuations in energy prices.

EVOLUTION OF THE **BANKING SECTOR**

FACTORING, OFFERING A VALUABLE OPPORTUNITY FOR THE DIVERSIFICATION AND DEVELOPMENT OF FINANCIAL SERVICES IN TÜRKİYE, BEGAN IN 1988 WITH TRANSACTIONS INITIALLY PERFORMED BY BANKS AND GAINED SIGNIFICANT MOMENTUM AFTER 2005.

Banking tradition dating to the 19th century

The Turkish banking system started to develop in the 19th century, quite later than Europe. At the time, mostly minority populations and foreigners were engaged in banking activities. Since the bankers were active in the Galata district of Istanbul, they were called Galata Bankers in the early 1850s.

The first important legal document in the history of Turkish banking was the Usury Regulation (Murabaha Nizamnamesi), which was issued in 1852 to prevent usury by limiting interest rates. After Izmir Bank, opened in 1842 in Izmir by some foreigners without seeking the permission of the Ottoman government, there was no attempt to establish any bank for a very long time. Bank-ı Dersaadet was established in 1847, and operated from 1849 to 1852 as a stabilization fund, meaning its losses were covered by the state, to ensure the stability of foreign exchange.

Then, Ottoman Bank (Bank-ı Osmanî-i Şahane) was established in 1863 in Istanbul as a partnership of the British-owned Bank-ı Osmani (Ottoman Bank), founded in 1856, and the French financial group Banque de Paris et des Pays-Bas, which undertook the loan in 1862. The Ottoman government, unable to establish its own bank at the time, granted the minting privileges and monopoly to Bank-ı Osmanî Şahane for 30 years. Deutsche Bank of Germany was another banking institution that operated in the Ottoman era as an investment bank.

Following the declaration of the Second Constitutionalist Monarchy, national banks that relied on domestic capital grew in number. This period, which ended with the War of Independence, is significant in Turkish history as a time of gaining experience in banking. At the Turkish Economy Congress, which convened four months before the signing of the Treaty of Lausanne, the economic targets of the Republic were determined, and several privileges previously granted to foreign banks were retracted by the Treaty. The resolutions reached during the Congress about the national character of economic development constituted the first steps of the statist approach that would make its mark on the Turkish economy until the 1950s. The "golden principle" was adopted for public finance with a balanced budget approach that aimed to avoid deficits in the state budget.

Advancements in national banking

Following the proclamation of the Republic, several banks were established with government incentives to promote national banking and the Central Bank of the Republic of Türkiye (CBRT) was founded in 1931.

After the Great Depression that led to economic collapse worldwide, government interventions were seen in banking. Starting with this period, the weight of public banks increased in Türkiye. After World War II, state control over the economy began to loosen as a new development policy led by the private sector started to prevail. Private sector banking flourished in this period and with the transition to multiparty democracy, the economy began to expand beyond borders. However, from 1953 onward, the economic balances were upset as inflation rates and foreign trade deficit rose rapidly.

State-controlled banking

In the early 1960s, 15 banks terminated their operations and were dissolved as the banking system was once again under state control.

Until the 1980s, the Turkish economy maintained an isolated look with the governments adjusting interest

Kaynaklar
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rates and exchange rates without much consideration for international markets. From 1980 onward, liberalization was introduced in the financial system and the economy reopened to international markets. As the financial system expanded with rapid economic growth, the banking sector began integrating with international banking and financial systems. Several international banking institutions, including commercial, investment and retail banks, started operations in Türkiye and established partnerships with Turkish banks, while major Turkish banks opened branches and established new banks abroad.

Establishing FX markets

With CBRT lacking sufficient reserves to intervene in a timely and efficient manner, the banking and financial crisis of 1994 spread and became a threat for the entire banking sector and the economy. The main reason for the banking sector to be so seriously affected by the 1994 crisis was the drop in profitability due to the low exchange rate-high interest rate policies of 1989-1993 no longer being in place. With the regulations introduced in 1989, money markets and foreign currency markets were established, as investors began to turn to foreign currency. However, the Treasury and CBRT fell short in introducing regulations to balance this new trend. In this competitive environment where the number of banks multiplied and the market itself determined the interest rates, the banking system faced a crisis that was exacerbated with the influence of globalization.

First factoring transactions

The first factoring activities in Türkiye began in 1988 with transactions performed by the banks. In 1990, the first approved factoring company was founded. Factoring, the leading segment in the non-bank financial sector with an important role in diversifying and developing financial services, began to develop rapidly from the second half of the 2000s onward. Türkiye entered the new millennium in an environment of major economic decisions. In February 2001, another economic crisis unfolded with the decline of confidence in financial markets. Consequently, the money and foreign currency policies projected in the Disinflation Program of 2000 were abandoned and a flexible exchange rate system was adopted on February 22, 2001, effectively bringing the disinflation program to an end.

The effects of financial crises on banking

The 2000-2001 crises brought significant damage to the financial system, and particularly to the Turkish banking sector. The Restructuring Program for the Banking System, introduced in the aftermath of the crisis under the supervision of the IMF, marked the start of reforms in the financial system. Within the scope of the program, the capital structures of the state-owned banks were reinforced, their duty loss receivables were paid, the regulations allowing new duty losses to occur were repealed, and their short-term liabilities were dissolved.

The fundamental reforms introduced after 2001 enabled the banking sector to gain a strong financial and operational structure through effective regulations, inspections and strict risk management. The sector, with a strong capital structure, more resilience against crises and better international competitiveness, stands apart from the struggling banking sectors in other emerging and developed countries. As a matter of fact, Türkiye happened to be the only OECD member state not to extend any type of open or discreet public support to the banking sector after the 2008- 2009 crisis.

A new era with the advent of digitalization

The world's first ATM was installed in New York City in 1961, but removed six months later due to lack of customer interest. The first Electronic Funds Transfer Act of the USA was passed in 1978. The first EFT transaction in Türkiye took place on April 1, 1992, and internet banking started in 1997. Digitalization in the banking sector gained significant momentum starting in the 2000s, and was elevated to the next level during the COVID-19 pandemic. As the banks worldwide began to work shorter hours, they continued to introduce new digital features: 34% offered the option to open accounts online, 23% remote identification and verification, and 18% contactless payment. Chatbots, leveraging AI technologies and advanced data analytics, became a feature used to improve customer satisfaction. On the other hand, as threats to the privacy and security of personal and financial data rose to the level of major concern, cybersecurity opened a new investment area for the banking sector.

Latest data on the Turkish banking sector

As of year-end 2024, there are 67 banks, including 38 deposit banks along with participation and development – investment banks in the banking sector, operating with 9,329 branches and 187,909 employees in Türkiye.

OVERVIEW OF THE BANKING SECTOR IN **2024**

DESPITE A PERSISTENTLY HIGH INFLATION ENVIRONMENT, THE TURKISH BANKING SECTOR MAINTAINED A STRONG AND RESILIENT OUTLOOK IN 2024. THE SECTOR CONTINUED TO SUPPORT ECONOMIC ACTIVITY, BOLSTERED BY TIGHT MONETARY POLICY AND MACROPRUDENTIAL MEASURES IN PLACE THROUGHOUT THE YEAR. AS INTEREST RATES ROSE, INVESTOR APPETITE FOR TURKISH LIRA-DENOMINATED ASSETS INCREASED, WHILE THE VOLUME OF FX-PROTECTED DEPOSIT ACCOUNTS (KKM) DECLINED SHARPLY FROM JUST UNDER USD 80 BILLION TO USD 32 BILLION. SECTOR PROFITABILITY GREW BY 6.2%, A SLIGHT INCREASE THAT REMAINED WELL BELOW THE ANNUAL INFLATION RATE.

Loan volume increased by 37.5%

According to the Banking Regulation and Supervision Agency (BRSA) data from December 2024, the total loan volume in the Turkish banking sector grew by 37.5% year-on-year, reaching TL 16,047 billion. The share of foreign currency (FX) loans in total loans rose from 32.4% in 2023 to 36.8% in 2024. The top three sectors by loan volume were credit cards (15.4%), other retail loans (9.0%), and wholesale trade and brokerage (6.6%). The non-performing loan ratio increased from 1.60% in 2023 to 1.87% by December 2024.

Deposits grew below inflation rate

During the same period, total deposits rose by 27.3% year-on-year to TL 18,903 billion. Of this total, TL 12,307 billion consisted of Turkish Lira (TP) deposits/participation funds, and TL 6,596 billion was held in foreign exchange deposit accounts/participation funds. TL-denominated deposits grew by 38.3% compared to 2023, whereas FX deposits increased by just 10.8%. Consequently, the share of FX deposits in total deposits declined by 5.2% compared to 2023, falling to 34.9%.

Banking sector's profitability lagged behind inflation

As of December 2024, the total assets of the Turkish banking sector had increased by 38.7% year-on-year to TL 32,657 billion, while net profits rose by 6.2% to TL 659 billion. State-owned banks saw a 47.1% increase in net profit to TL 243.1 billion. In contrast, the net profit of domestic private banks fell by 33.7% to TL 162 billion, while foreign banks reported a 20.5% rise, reaching TL 253.9 billion. The sector's return on equity declined from 42.65% in 2023 to 30.48% in 2024, and the return on assets dropped from 3.28% to 2.33%. The capital adequacy ratio of the sector rose to 19.69%, a slight increase compared to the previous year.

Factoring sector's assets and receivables growth slowed year over year

In 2024, the Turkish factoring sector generated TL 1,238 billion (2) in revenues. As of year-end, the sector reported TL 21.2 billion in net profit. Total assets increased by 47.9% year-on-year to TL 315.9 billion, while factoring receivables rose by 46.3% to TL 287.9 billion. These growth rates were approximately 10% lower than those recorded in the previous year.

In 2023, factoring companies had increased their bank borrowings by 47.6% and their equity by 70.8% year-on-year, with no significant change in issued securities. As of December 2024, factoring receivables stood at TL 287.9 billion, total assets at TL 315.9 billion, and the sector's net profit at TL 21.2 billion. As year-end 2024, the factoring sector was composed of 48 companies affiliated with the Financial Institutions Association (FKB), operating through 395 branches and employing a total of 4,379 people.

2025 outlook

Inflation is expected to remain the dominant concern in 2025. Domestic and international political developments, along with the economy's persisting fragility, will play a critical role in shaping the inflation agenda. Domestic political uncertainty that emerged in the first quarter of the year has already contributed to a heightened perception of fragility and higher year-end inflation expectations.

According to sector projections, Turkish lira–denominated loan growth is expected to range between 25–30% in 2025, with TL deposit growth expected to be slightly higher than this rate. Credit risk costs are likely to rise. Even if inflation gradually declines, it remains at high levels, suggesting that interest rates and risk premiums will not fall as quickly as anticipated. As a result, banks are likely to face a controlled and challenging environment this year.

Margins and profitability are once again expected to be among the sector's most pressing concerns. In parallel, rising non-performing receivables will require careful monitoring and measures. While curbing the inflation, maintaining the rational monetary policy, and sustaining foreign investor confidence should be at the forefront, ongoing political developments have already overshadowed these priorities. In this environment, both banks and businesses must remain agile, adopt a "wait-and-see" approach and stay prepared to adjust strategies on a weekly, or even daily, basis.

TH FACTORING SECTOR DATA

KEY INDICATORS	(TL MILLION)	(TL MILLION)	(TL MILLION)	(%)
INTERNATIONAL REVENUES	62,381	66,185	**96,675**	**46.07%**
DOMESTIC REVENUES	354,679	746,334	**1,132,305**	**51.72%**
TOTAL REVENUES	417,060	819,616	**1,238,091**	**51.06%**
TOTAL RECEIVABLES	127,276	196,874	**287,992**	**46.28%**
LOANS AND BORROWINGS AGAINST ISSUED INSTRUMENTS	113,765	169,056	**239,838**	**41.87%**
SHAREHOLDERS' EQUITY	16,526	33,537	**57,221**	**70.62%**
TOTAL ASSETS	135,626	213,672	**315,979**	**47.88%**
NET PROFIT	5,201	14,235	**21,196**	**48.90%**
NON-PERFORMING FACTORING RECEIVABLES (GROSS)	2,099	2,576	**5.122**	**-100.00%**
SPECIAL PROVISIONS	1,491	2,813	**4.660**	**-100.00%**
NON-PERFORMING FACTORING RECEIVABLES (NET)	608	(238)	**462**	**-**
NON-PERFORMING FACTORING RECEIVABLES (NET/SHAREHOLDERS' EQUITY, %)	4.5	(0.904)	**1.0**	**-**

ECONOMIC DATA

THE TOTAL ASSET SIZE OF THE TURKISH BANKING SECTOR REACHED TL 32,657 BILLION, WHILE THE NET PROFIT OF THE TURKISH FACTORING SECTOR WAS REPORTED AS TL 21,196 MILLION.

BANKING INDUSTRY TOTAL ASSETS	(TL BILLION)
2024	32.657
2023	23.550
2022	14.347

GROSS DOMESTIC PRODUCT (WITH CURRENT PRICES)	(TL BILLION)
2024	12.292
2023	8.528
2022	4.794

BANKING SECTOR NET PROFIT	(TL BILLION)
2024	659,0
2023	620,5
2022	431,6

CONSUMER CONFIDENCE INDEX	(PUAN)
2024	81,32
2023	77,40
2022	75,60

IMPORTS	(USD BILLION)
2024	344.0
2023	362.0
2022	363.7

EXPORTS	(USD BILLION)
2024	261.8
2023	255.6
2022	254.2

CONSUMER PRICE INDEX	(%)
2024	44.38
2023	64.77
2022	64.27

GROWTH RATE OF THE TURKISH ECONOMY	(%)
2024	3.20
2023	4.50
2022	5.60

UNEMPLOYMENT RATE	(%)
2024	8.60
2023	8.80
2022	10.20

GDP PER CAPITA	(USD)
2024	15.463
2023	13.243
2022	10.659

EKSPO FAKTORİNG CONTINUES TO IMPLEMENT ITS CORPORATE GOVERNANCE STANDARDS CONSISTENTLY ACROSS THE ORGANIZATION, ENHANCE INTERNAL COMMUNICATION, AND FURTHER STRENGTHEN ITS CORPORATE CULTURE.

CORPORATE GOVERNANCE

EKSPO FAKTORİNG HAS REMAINED COMMITTED TO MANAGING ALL ITS BUSINESS PROCESSES WITH A PROFESSIONAL CORPORATE GOVERNANCE APPROACH AND BUILT ITS SYSTEM ON THE PRINCIPLES OF TRANSPARENCY, FAIRNESS, DEDICATION TO ETHICAL VALUES, AND ACCOUNTABILITY.

Equal standards in corporate governance

Ekspo Faktoring strives to ensure that the corporate governance approach is adopted in the same standards across the organization, enhance internal communication and further strengthen the corporate culture. The committees, actively functioning since the very beginning, aim to ensure continued organizational development. The Asset-Liability Committee (ALCO), Risk Assessment Committee, Liquidity Committee, Information Technologies Committee, and Human Resources Committee all contribute to the effectiveness and efficiency of business processes.

International independent audits

Ekspo Faktoring remains committed to the principles of transparency and accountability. Ekspo Faktoring is audited by an international independent audit firm twice a year, with the first audit conducted at the end of the sixth month in limited scope. To ensure the objectivity of audit results, the company switches to a different independent audit firm every seven years. The financial statements of Ekspo Faktoring are also reviewed quarterly by an independent audit firm. Meanwhile, tax audits are conducted by a different firm. Even though Ekspo Faktoring is not listed publicly, one independent director serves on the Board of Directors as a testament to the company's commitment to corporate governance principles.

Transparency in disclosures

The BRSA promotes the importance of transparency, consistency and visibility in the financial sector and therefore recommends that all finance companies disclose their financial statements periodically online. Recognizing that the financial sector is built on trust, Ekspo Faktoring considers it a duty and responsibility to disclose open, clear and accurate information to the public. Accordingly, the company discloses its annual financial statements on its corporate website. The company also publishes quarterly earnings statements on the Public Disclosure Platform (KAP). An effective organizational structure allows Ekspo Faktoring to work quickly and effectively while the company's advanced technological infrastructure lends to an important competitive edge. The company also invests in the development and training of its employees to achieve corporate targets.

INTERNAL CONTROL SYSTEM

THE ADEQUACY AND AUDITABILITY OF INTERNAL CONTROLS IS THE MOST EFFECTIVE GUARANTEE AGAINST RISKS RELATED TO THE PROTECTION AND DEVELOPMENT OF EXISTING ASSETS.

Risk control mechanisms

For financial companies that operate in the international arena and aim for sustainable development and growth, audits and risk management are key priorities. The internal control activities carried out to embody these priorities include protecting the company assets with organizational plans, investigating the accuracy and reliability of accounting information, improving operational efficiency, and promoting commitment to the management policies.

The Capital Markets Board (CMB), the Banking Regulation and Supervision Agency (BRSA), and Risk Center of the Banks Association of Türkiye (TBB) require businesses to conduct regular audits and engage in risk management activities. Adhering to these requirements, Ekspo Faktoring has an effective internal control system in place to reach its targets and demonstrate the reliability of its financial statements in compliance with predefined policies and applicable legislation and administrative regulations.

Independent audits

Since its establishment, Ekspo Faktoring has always worked with teams of experts in their respective fields to carry out its internal audit activities. Furthermore, external audits are conducted by international independent audit firms to assure the company's financial data and information in compliance with transparency and accountability principles. In addition to the internal and external audits at Ekspo Faktoring, two separate independent audit firms, among the leading international companies, conduct tax and financial statement audits. Material disclosures are regularly submitted to the BRSA and the Ministry of Treasury and Finance, and the Independent Auditor's Report is prepared in BRSA standards.

Governance in compliance with company policies

The Internal Control Department at Ekspo Faktoring is responsible for ensuring that all operations are effectively managed in accordance with the Regulation on Financial Leasing, Factoring and Financing Companies as well as the company's management policies. The department also works to make sure that the information in the books, records and data systems are readily available. The Internal Control Department's other responsibilities include auditing the activities, which employees on all levels are required to perform for the company to function seamlessly within the governance and organizational structure defined by the Board of Directors and senior management. Led by the Internal Control Manager, the department reports the results of these independent operational, financial and other controls to the senior management and the Board of Directors concurrently.

Regular reporting

Internal control activities include inspecting the transactions performed by relevant departments and reporting the results thereof pursuant to the Code of Obligations (TBK), Turkish Commercial Code (TTK), Tax

Procedure Code (VUK), applicable statutory decrees, as well as regulations and communiqués issued by Personal Data Protection Authority (KVKK), Banking Regulation and Supervision Agency (BRSA), Financial Crimes Investigation Board (MASAK) and the Ministry of Treasury and Finance, and other applicable legislation. The department is also tasked with monitoring the processes that involve preparing the monthly Non-Bank Finance Institutions Supervision System reports fully and accurately and submitting them to BRSA, and confirming that these reports are uploaded to the database on time.

Full regulatory compliance

Since January 9, 2008, non-bank finance companies have been included as obligated parties within the scope of Law No. 5549 on Prevention of Laundering Proceeds of Crime and the related Regulation No. 26751. Accordingly, the company management assigns tasks to the Internal Audit Department to take advisory and preventive measures in compliance with MASAK notices and provisions of the regulation. Pursuant to Regulation No. 26999 of September 16, 2008, the Board of Directors has assigned the duties of the deputy compliance officer to the internal control manager. The deputy compliance officer attends the training provided by the Association of Financial Institutions and MASAK and informs the employees about all pertinent seminar notes.

Law No. 6698 on Protection of Personal Data (KVKK) was published in the Official Gazette No. 29677 of April 7, 2016. Ekspo Faktoring has fulfilled its obligations under this law and uploaded its data inventory to the Data Controllers Registry Information System (VERBIS) on November 11, 2019. The internal control manager has been designated as the company's contact for KVKK. The manager is responsible for attending the KVKK meetings and seminars, managing the KVKK Working Group and updating the data inventory. The manager's responsibilities also include searching the sanctions lists (UN, OFAC, EU Blacklists) issued by international organizations for background checks of people and companies in relation to foreign transactions. Pursuant to the BRSA Communiqué on the Management and Supervision of Information Systems that entered into force on April 6, 2019, Ekspo Faktoring has prepared the policies and procedures, and undergone the relevant audits.

Risk controls

Other duties of the Internal Control Department include monitoring the domestic and international transactions of clients, minimizing the risks of potential errors, and anticipating and mitigating possible issues. The Internal Control Department also monitors the activities of the Marketing, Operations, Treasury, Accounting, Risk Assessment and Foreign Transactions Departments in terms of compliance with defined workflows and resolving the detected issues. The department creates a transparent and effective control mechanism and submits weekly and monthly reports to the senior management and the Board of Directors.

Continuous development and career opportunities

The Internal Control Department also manages the projects requested by senior management to improve the existing system and to create new opportunities for the employees. The department identifies the types of training the employees would need for their professional and personal development, ensuring that Ekspo Faktoring manages the training process, which includes content creation, selection of the trainers and effective delivery of such programs.

RISK MANAGEMENT

EKSPO FAKTORİNG APPLIES A DYNAMIC AND PROACTIVE PLACEMENT POLICY, MONITORING PORTFOLIO RISKS THROUGH A RANGE OF METRICS AND DEVELOPING MULTI-DIMENSIONAL SCENARIOS.

Scientific and systematic approach

International standards and regulations require finance companies to use scientific, numerical and systematic risk measurement techniques for legal compliance purposes. Ekspo Faktoring leverages industry-specific data, market intelligence, and individual expertise to assess the risks of non-performing loans. The widespread informal economic practices in Türkiye and accountability issues in bookkeeping call for diligent risk assessments beyond technical analyses alone. Therefore, Ekspo Faktoring diligently monitors its credit portfolio and takes additional measures by keeping a close eye on the national and global economic conditions, while also leveraging advanced risk measurement and assessment techniques as supporting tools. Implementing these practices requires employing sufficient number of experts, effectively structuring the risk monitoring function, and allocating adequate resource and time for this purpose.

Before taking any risks, Ekspo Faktoring assesses a subject company based on several criteria, including the establishment date and history of a company, its field of operation, industry experience of executives and partners, equity structure and funding potential.

Dynamic placement approach

At Ekspo Faktoring, risk analyses, which constitute an essential part of company policies, are regularly reported to the senior management. The Risk Assessment Department, consisting of a team of experts specialized in corporate and commercial banking, manages the financial analysis, loan allocation and intelligence processes. Ekspo Faktoring follows a flexible and proactive placement policy by assessing possible portfolio risks based on multi-dimensional scenarios.

Targeted risk management

Ekspo Faktoring strives to diversify its risks and avoids concentrating on a specific industry. The company applies strict controls, ensuring that total risk exposure does not exceed 25% and individual buyer limits remain within 10% of shareholders' equity. The company engages in extensive activities to align its risk management processes with international standards. Accordingly, an effective risk assessment system has been developed and implemented upon adaptation to a rating application that started in late 2008. Since 2009, all Ekspo Faktoring clients are reviewed using the new rating system.

Monitoring and analyzing risks

Ekspo Faktoring prioritizes the quality of the assigned loans and works systematically to monitors its receivables. The company effectively uses critical data such as reports obtained from the Turkish Credit Bureau (Kredi Kayıt Bürosu - KKB) and the Risk Center of the Banks Association of Türkiye as well as check drawing and risk reports, bounced checks in litigation, debt enforcement records, and lists of companies filing for financial protection, etc. Ekspo Faktoring reviews its clients and its collateral portfolio weekly, bimonthly and monthly as part of its risk monitoring activities and also uses the risk tracking system where combined risks are listed and changes can be reported. The credibility of companies applying for credit line allocation or increase is reviewed based on objective criteria. Outstanding risks are also assessed in terms of balance sheets, intelligence and collateral in the weekly Asset Quality Committee meetings.

Financial analyses

Ekspo Faktoring acts prudently and with due diligence in forming its credit portfolio in line with its goal of maintaining its asset quality above sector average. In this process, the company applies financial analysis methods and techniques guided by an expert team of professionals. The Financial Analysis and Intelligence Team within the Risk Assessment Department follows the latest techniques and regularly attends credit, financial analysis and intelligence training programs provided by professional training institutions to stay up-to-date. The Risk Assessment Committee reviews and evaluates clients that apply for financing according to various criteria, including financial position, industry, operational risks and market intelligence. The committee convenes weekly to evaluate and finalize client requests within maximum two days and holds interim meetings in critical situations that require immediate attention. In the meetings, Company Assessment Reports, generated based on financial analyses and market intelligence for individual companies, are discussed. At the end of this process, the credit line allocation request presented to the Risk Assessment Committee is either approved or declined.

Data-driven risk management

Ekspo Faktoring has built an extensive data bank, used in risk management processes as well as in making credit line allocation decisions and developing marketing strategies. The data bank contains detailed and complementary information on clients such as payment habits and check drawing performance, and is regularly updated and analyzed. Such data provides guidance in setting sector-specific limits. Ekspo Faktoring closely monitors the Turkish Lira and foreign currency positions of the subject companies and takes Basel II criteria as basis for evaluating current market risks. The reports generated as a result of these extensive analyses are presented to the senior management, contributing to continuous evolution of risk management policies.

EKSPO FAKTORİNG IMPLEMENTS STRICT CONTROLS, ENSURING THAT TOTAL RISK EXPOSURE DOES NOT EXCEED 25% AND INDIVIDUAL BUYER LIMITS REMAIN WITHIN 10% OF SHAREHOLDERS' EQUITY.

HUMAN RESOURCES

EKSPO FAKTORİNG RECOGNIZES THAT SUSTAINING ITS CORPORATE STRUCTURE AND LONG-TERM SUCCESS DEPENDS ON A COMPETENT AND VISIONARY TEAM. ACCORDINGLY, THE COMPANY INVESTS CONSISTENTLY IN ITS HUMAN RESOURCE AND FOSTERS AN ENVIRONMENT THAT SUPPORTS EMPLOYEE DEVELOPMENT.

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Employees

Employee satisfaction and team spirit

Ekspo Faktoring believes that developing the professional competencies of its employees, supporting their aspirations, and expanding their vision are key for maintaining high customer service quality. Ekspo Faktoring promotes team spirit by building an inclusive corporate culture to boost employee satisfaction and aims to ensure its continuity.

Career development opportunities

As of year-end 2024, the qualified human resource at Ekspo Faktoring consists of 31 employees, each with professional experience and expertise above the sector average. In the recruitment process, Ekspo Faktoring considers criteria such as holding a university degree in a relevant area of education, speaking a foreign language, having experience in the banking sector, specializing in one's respective field, and demonstrating the ability to represent the company to maintain the high quality of its human resources. In line with the company's goals and strategies, the Human Resources Department assumes responsibility in many areas from the orientation of new employees to assigning them professional training programs.

A work environment supporting development

Ekspo Faktoring encourages its employees to attend training programs and sectoral events that would contribute to their professional and personal development and promotes a work environment conducive to progress. The regular training programs coordinated by Ekspo Faktoring Academy in partnership with the Association of Financial Institutions, the FCI (Factors Chain International – the largest non-bank financial services network in the world), private consultancy companies and the ICC (International Chamber of Commerce) in Türkiye, offer the employees continued development opportunities. Ekspo Faktoring has embraced the new practices and changes in the post-pandemic era and ensured participation in online training programs and seminars.

Contributing to corporate success

The Human Resources Committee convenes at the end of each year to conduct performance reviews, which involve measuring and assessing the employees' competencies and performance in terms of meeting their targets. Several criteria such as professional knowledge level, collaborative abilities, client relations/people skills, representation skills, sense of responsibility, personal development, problem solving skills, taking initiative and making decisions, and quality and quantity of the work are considered in performance assessments. This process, which delivers encouraging outcomes in terms of motivation and work discipline, ensures that the employees' contribution to corporate success is recognized and also forms a sound basis for promotions, remuneration and incentives.

Workplace safety and employee health

The health and safety of its employees is an integral part of the human resources practices at Ekspo Faktoring. Accordingly, the company implements all necessary measures to create a safe work environment throughout the organization.

INFORMATION **TECHNOLOGIES**

EKSPO FAKTORİNG OUTSOURCES ITS INFORMATION TECHNOLOGY REQUIREMENTS TO EXPERIENCED, RELIABLE AND SPECIALIZED THIRD-PARTY PROVIDERS THAT DELIVER QUALITY SERVICE AND ALWAYS MAINTAINS AN ADVANCED, UP-TO-DATE INFRASTRUCTURE.

Fully backed up technological infrastructure

Ekspo Faktoring always maintains its infrastructure up-to-date to keep up with the latest technological developments to maximize operational speed and efficiency. The investments that Ekspo Faktoring makes by considering the latest technological innovations include maximum-security servers maintained up-to-date at all times, a Disaster Recovery Platform for uninterrupted uptime with minimum loss during disasters, applications to run upgrades of operating systems first on the test platform, comprehensive backup procedures and logging, and reporting on all levels. Strictly adhering to the principle of backing up everything on the technological infrastructure, Ekspo Faktoring closed 2024 with 100% uptime.

Secure IT systems

Ekspo Faktoring launched its Disaster Recovery Center in 2006 in Ankara and completed the hardware and software development for this center in 2007. Building a robust and reliable backup system as a result of these efforts, the company started to procure services from Superonline Data Center, also based in Ankara, in 2016, and upgraded to the newest version of disaster recovery software. Ekspo Faktoring uses Facto 2000, a software suite developed by a company specialized in financial software according to the latest requirements of the sector. This suite enables running marketing, client relations and accounting activities in coordination. Clients may also access Ekspo Online, upgraded in 2020 as a more user-friendly application, via the corporate website to submit queries about various transactions and check the status of their accounts.

Centralized management

Ekspo Faktoring marked a first in the sector by implementing SWIFT, an interbank medium of secure information transfer in 2012 and started to communicate with banks and international finance institutions via this system. The company upgraded its entire system infrastructure including the servers in 2014 to enhance operational speed and efficiency and also made new investments in 2016 to further strengthen data security as required by the Risk Center of the Banks Association of Türkiye. With these investments, Ekspo Faktoring took steps to double its virtual platform capacity for logging, creating test environments and centralized management of technological infrastructure. Additionally, the firewall product was upgraded and a new device that prioritizes security protocols was preferred for streamlining operational processes.

Transparent and consistent communication

Ekspo Faktoring recognizes that its corporate website and online services play a key role in transparent and consistent communication with clients. Therefore, the company continuously updates its online services, while seamlessly developing new projects to further elevate its service quality. With its corporate website built on a state-of-the-art infrastructure, Ekspo Faktoring became the first factoring company to implement the check viewing system. This innovative system offers clients the opportunity to instantly view their checks in collection, account statements, risk balances, and other relevant information. The website also serves as an accessible and transparent platform where public disclosures are published and stakeholders are informed.

100%
uptime

RECOGNIZING THAT TRUST IS THE CORNERSTONE OF THE FINANCE SECTOR, EKSPO FAKTORİNG CONSIDERS THE ACCURATE AND CLEAR DISCLOSURE OF INFORMATION A FUNDAMENTAL RESPONSIBILITY.

EKSPO FAKTORİNG A.Ş.

FINANCIAL STATEMENTS
AS OF JANUARY 1, -
DECEMBER 31, 2024
TOGETHER WITH
INDEPENDENT AUDITOR'S
REPORT

INDEPENDENT AUDITOR'S REPORT

To the General Board of Ekspo Faktoring Anonim Şirketi

A. Audit of the Financial Statements

1) Opinion

We have audited statement of financial position of Ekspo Faktoring A.Ş. ("the Company") as at December 31, 2024 and the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with the "Communique on Financial Leasing, Factoring and Uniform chart of Accounts which shall be applied by Finance Companies published in Official Gazette dated December 24, 2013 and numbered 28861 and Regulation, Communique and Circular on Accounting Policies of Financial Leasing, Factoring and Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority ("BRSA") together referred as "BRSA Accounting and Financial Reporting Legislation" and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated BRSA Accounting and Financial Reporting Legislation.

2) Basis for Opinion

We conducted our audit in accordance with Independent Auditing Standards ("InAS") which are a part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

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

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

4) Responsibilities of Management and Directors for the Financial Statements

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

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

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

5) Auditor's Responsibilities for the Audit of the Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with InASs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with InASs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

INDEPENDENT AUDITOR'S REPORT

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

B) Other liabilities arising from legislation

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2024 are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

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

Fatih Polat, SMMM
Partner

February 14, 2025
Istanbul, Türkiye

CONTENTS

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Financial position (balance sheet) as of December 31, 2024

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

	ASSETS	Notes	Audited current period December 31, 2024			Audited previous period December 31, 2023		
			TL	FC	Total	TL	FC	Total
I.	**CASH, CASH EQUIVALENTS AND THE CENTRAL BANK**	3	3.933	8.222	12.155	9.657	12.728	22.385
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (NET)**	2.5	-	21.134	21.134	-	-	-
III.	**DERİVATİVE FINANCIAL ASSETS**		-	-	-	-	-	-
IV.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**	4	-	-	-	-	-	-
V.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)**		1.320.135	283.019	1.603.154	863.426	167.392	1.030.818
5.1	**Factoring Receivables**	5	1.320.135	283.019	1.603.154	863.426	167.392	1.030.818
5.1.1	Discounted Factoring Receivables (Net)		889.317	-	889.317	360.104	-	360.104
5.1.2	Other Factoring Receivables		430.818	283.019	713.837	503.322	167.392	670.714
5.2	**Financing Loans**		-	-	-	-	-	-
5.2.1	Consumer Loans		-	-	-	-	-	-
5.2.2	Credit Cards		-	-	-	-	-	-
5.2.3	Installment Commercial Loans		-	-	-	-	-	-
5.3	**Lease Receivables (Net)**		-	-	-	-	-	-
5.3.1	Finance Lease Receivables		-	-	-	-	-	-
5.3.2	Operational Lease Receivables		-	-	-	-	-	-
5.3.3	Unearned Income (-)		-	-	-	-	-	-
5.4	**Other Financial Assets Measured at Amortized Cost**		-	-	-	-	-	-
5.5	**Non-Performing Receivables**	6	17.943	-	17.943	23.143	-	23.143
5.6	**Expected Loss Provisions/Specific Provisions (-)**	6	(17.943)	-	(17.943)	(23.143)	-	(23.143)
VI.	**EQUITY INVESTMENTS**		-	-	-	-	-	-
6.1	Associates (Net)		-	-	-	-	-	-
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Ventures (Net)		-	-	-	-	-	-
VII.	**TANGIBLE ASSETS (Net)**	7	2.975	-	2.975	1.485	-	1.485
VIII.	**INTANGIBLE ASSETS (Net)**	8	699	-	699	241	-	241
IX.	**INVESTMENT PROPERTIES (Net)**	9	32.603	-	32.603	32.360	-	32.360
X.	**CURRENT PERIOD TAX ASSETS**		-	-	-	-	-	-
XI.	**DEFERRED TAX ASSETS**	10	64.769	-	64.769	37.751	-	37.751
XII.	**OTHER ASSETS**	12	10.801	149	10.950	6.861	-	6.861
	SUBTOTAL		1.435.915	312.524	1.748.439	951.781	180.120	1.131.901
XIII.	**ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)**	11	-	-	-	-	-	-
13.1	Assets Held For Sale		-	-	-	-	-	-
13.2	Assets of Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		1.435.915	312.524	1.748.439	951.781	180.120	1.131.901

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

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Financial position (balance sheet) as of December 31, 2024

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

	LIABILITIES	Notes	Audited current period December 31, 2024			Audited previous period December		
		Notes	TL	FC	Total	TL	FC	Total
I.	**FUNDS BORROWED**	**13**	**727.212**	**290.976**	**1.018.188**	**583.463**	**-**	**583.463**
II.	**FACTORING LIABILITIES**	**15**	**376**	**4.547**	**4.923**	**32.314**	**5.498**	**37.812**
III.	**LEASE LIABILITIES (NET)**	**16**	**-**	**-**	**-**	**-**	**-**	**-**
IV.	**DEBT SECURITIES ISSUED (Net)**	**14**	**-**	**-**	**-**	**-**	**-**	**-**
V.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS LOSS (NET)**		**-**	**-**	**-**	**-**	**-**	**-**
VI.	**DERIVATIVE FINANCIAL LIABILITIES**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**PROVISIONS**	**18**	**6.345**	**-**	**6.345**	**4.415**	**-**	**4.415**
7.1	Restructuring Reserves		-	-	-	-	-	-
7.2	Reserves for Employee Benefits		6.345	-	6.345	4.415	-	4.415
7.3	General Provisions		-	-	-	-	-	-
7.4	Other Provisions		-	-	-	-	-	-
VIII.	**CURRENT PERIOD TAX LIABILITY**	**31**	**41.981**	**-**	**41.981**	**29.234**	**-**	**29.234**
IX.	**DEFERRED TAX LIABILITY**		**-**	**-**	**-**	**-**	**-**	**-**
X.	**SUBORDINATED DEBT INSTRUMENTS**		**-**	**-**	**-**	**-**	**-**	**-**
XI.	**OTHER LIABILITIES**	**17**	**3.832**	**62**	**3.894**	**7.029**	**8**	**7.037**
	SUBTOTAL		**779.746**	**295.585**	**1.075.331**	**656.455**	**5.506**	**661.961**
XII.	**PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net)**		**-**	**-**	**-**	**-**	**-**	**-**
12.1	Held for Sale		-	-	-	-	-	-
12.2	Discontinued Operations		-	-	-	-	-	-
XIII.	**SHAREHOLDERS' EQUITY**		**673.108**	**-**	**673.108**	**469.940**	**-**	**469.940**
13.1	**Paid in Capital**	**20**	**60.000**	**-**	**60.000**	**60.000**	**-**	**60.000**
13.2	**Capital Reserves**		**-**	**-**	**-**	**-**	**-**	**-**
13.2.1	Share Premiums		-	-	-	-	-	-
13.2.2	Share Cancellation Profits		-	-	-	-	-	-
13.2.3	Other Capital Reserves		-	-	-	-	-	-
13.3	**Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss**		**-**	**-**	**-**	**-**	**-**	**-**
13.4	**Reclassified subsequently to Profit or Loss**		**-**	**-**	**-**	**-**	**-**	**-**
13.5	**Profit Reserves**	**21**	**16.846**	**-**	**16.846**	**16.846**	**-**	**16.846**
13.5.1	Legal Reserves		16.846	-	16.846	16.846	-	16.846
13.5.2	Statutory Reserves		-	-	-	-	-	-
13.5.3	Extraordinary Reserves		-	-	-	-	-	-
13.5.4	**Other Profit Reserves**		**-**	**-**	**-**	**-**	**-**	**-**
13.6	Profit or Loss		596.262	-	596.262	393.094	-	393.094
13.6.1	Prior Periods Profit/Loss	22	373.094	-	373.094	218.920	-	218.920
13.6.2	Current Period Profit/Loss		223.168	-	223.168	174.174	-	174.174
	TOTAL LIABILITIES AND EQUITY		**1.452.854**	**295.585**	**1.748.439**	**1.126.395**	**5.506**	**1.131.901**

Note: The financial statements are presented in accordance with the new financial statement format in the "Regulation on the amendment to the regulation on the accounting practices and financial statements of financial leasing, factoring and financing companies" published in the Official Gazette dated February 1, 2019 and numbered 306

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

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

			Audited current period December 31, 2024			Audited previous period December 31, 2023		
	OFF-BALANCE SHEET ITEMS	**Notes**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**IRREVOCABLE FACTORING TRANSACTIONS**		**331.316**	**212.532**	**543.848**	**74.050**	**129.778**	**203.828**
II.	**REVOCABLE FACTORING TRANSACTIONS**	*5*	**315.592**	**41.535**	**357.127**	**406.486**	**10.206**	**416.692**
III.	**COLLATERALS RECEIVED**	5-23	**12.242.989**	**5.760.916**	**18.003.905**	**9.559.464**	**4.537.728**	**14.097.192**
IV.	**COLLATERALS GIVEN**	23	**480.026**	**-**	**480.026**	**252.794**	**-**	**252.794**
V.	**COMMITMENTS**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Irrevocable Commitments		-	-	-	-	-	-
5.2	Revocable Commitments		-	-	-	-	-	-
5.2.1	Lease Commitments		-	-	-	-	-	-
5.2.1.1	Finance Lease Commitments		-	-	-	-	-	-
5.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
5.2.2	Other Revocable Commitments		-	-	-	-	-	-
VI.	**DERIVATIVE FINANCIAL INSTRUMENTS**		**-**	**-**	**-**	**-**	**-**	**-**
6.1	Derivative Financial Instruments for Risk		-	-	-	-	-	-
6.1.1	Fair Value Hedges		-	-	-	-	-	-
6.1.2	Cash Flow Hedges		-	-	-	-	-	-
6.1.3	Net Foreign Investment Hedges		-	-	-	-	-	-
6.2	Derivative Financial Instruments Held For Trading		-	-	-	-	-	-
6.2.1	Forward Foreign Currency Purchases/Sales		-	-	-	-	-	-
6.2.2	Swap Purchases/Sales		-	-	-	-	-	-
6.2.3	Put/call options		-	-	-	-	-	-
6.2.4	Futures purchases/sales		-	-	-	-	-	-
6.2.5	Others		-	-	-	-	-	-
VII.	**ITEMS HELD IN CUSTODY**		**1.622.270**	**187.969**	**1.810.239**	**1.090.923**	**694.365**	**1.785.288**
	TOTAL OFF-BALANCE SHEET ITEMS		**14.992.193**	**6.202.952**	**21.195.145**	**11.383.717**	**5.372.077**	**16.755.794**

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Statement of profit or loss as of December 31, 2024

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

	STATEMENT OF PROFIT OR LOSS	Notes	Audited Current Period January-1, December 31, 2024	Audited Previous Period January 1, - December 31, 2023
I.	**OPERATING INCOME**	**24**	**699.171**	**349.071**
	FACTORING INCOME		**699.171**	**349.071**
1.1	Interest Received from Factoring Receivables		683.784	299.388
1.1.1	Discounted		403.400	136.963
1.1.2	Other		280.384	162.425
1.2	Fees and Commissions Received from Factoring Receivables		15.387	49.683
1.2.1	Discounted		1.777	38.068
1.2.2	Other		13.610	11.615
	INCOME FROM FINANCING LOANS		**-**	**-**
1.3	Interest Received from Finance Loans		-	-
1.4	Fees and Commissions Received from Finance Loans		-	-
	LEASE INCOME		**-**	**-**
1.5	Financial Lease Income		-	-
1.6	Operating Lease Income		-	-
1.7	Fees and Commissions Received from Lease Income		-	-
II.	**FINANCIAL EXPENSES (-)**	**27**	**(294.972)**	**(128.432)**
2.1	Interest Expenses on Funds Borrowed		(280.952)	(112.681)
2.2	Interest Expenses on Factoring Payables		(5.581)	-
2.3	Financial Lease Expenses		-	-
2.4	Interest Expenses on Securities Issues		-	-
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions Given		**(8.439)**	(15.751)
III.	**GROSS PROFIT/LOSS (I+II)**		**404.199**	**220.639**
IV.	**OPERATING EXPENSE (-)**	**25**	**(115.875)**	**(71.380)**
4.1	Personnel Expenses		(87.015)	(51.559)
4.2	Provision Expense for Employment Termination Benefits		(1.834)	(1.183)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(26.131)	(18.208)
4.5	Other		(895)	(430)
V.	**OPERATING GROSS PROFIT/LOSS (III+IV)**		**288.324**	**149.259**
VI.	**OTHER OPERATING INCOME**	**26**	**32.566**	**81.580**
6.1	Interest Received from Banks		1.738	3.915
6.2	Trading Gains on Securities		149	-
6.3	Dividend Income		-	-
6.4	Interest Received from Marketable Received Portfolio		-	-
6.5	Derivative Financial Transactions Profit		-	-
6.6	Foreign Exchange Gains		12.937	77.199
6.7	Other		17.742	466
VII.	**PROVISIONS FOR DOUBTFUL RECEIVABLES (-)**	**28**	**(12.016)**	**(1.584)**
7.1	Specific Provisions		(12.016)	(1.584)
7.2	Expected Loss Provisions		-	-
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	**OTHER OPERATING EXPENSES (-)**	**29**	**(1.076)**	**(10.505)**
8.1	Impairment Losses on Securities Portfolio		-	-
8.2	Impairment of Fixed Assets		-	-
8.3	Loss of Capital Market Transactions		-	-
8.4	Loss from Derivative Financial Transaction		-	-
8.5	Foreign Exchange Loss		(1.076)	(10.505)
8.6	Other		-	-
IX.	**NET OPERATING INCOME/EXPENSE (V+...+VIII)**		**307.798**	**218.750**
X.	**INCOME RESULTED FROM MERGER**		**-**	**-**
XI.	**SHARES FROM PROFITS AND LOSSES OF INVESTMENT VALUED BY EQUITY METHOD**		**-**	**-**
XII	**NET MONETARY POSITION GAIN/LOSS**		**-**	**-**
XIII.	**PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS (IX+X+XI)**		**307.798**	**218.750**
XIV.	**TAXATION ON INCOME FROM CONTINUING OPERATIONS (±)**	**31**	**(84.630)**	**(44.576)**
13.1	Current Tax Provision		(111.648)	(74.632)
13.2	Deferred Tax Expense Effect (+)		-	-
13.3	Deferred Tax Income Effect (-)		27.018	30.056
XV.	**NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)**		**223.168**	**174.174**
XVI.	**INCOME FROM DISCONTINUING OPERATİONS**		**-**	**-**
15.1	Income of Non-Current Assets Held for Sale		-	-
15.2	Sale Profits from Associates, Subsidiaries and Joint Ventures		-	-
15.3	Income from Other Discontinuing Operations		-	-
XVII.	**EXPENSES FROM DISCONTINUING OPERATİONS (-)**		**-**	**-**
16.1	Expenses of Non-Current Assets Held for Sale		-	-
16.2	Expenses Profits from Associates, Subsidiaries and Joint Ventures		-	-
16.3	Expense from Other Discontinuing Operations		-	-
XVIII.	**PROFIT/LOSS BEFORE TAX FROM DISCONTINUING OPERATIONS (XVI-XVII)**		**-**	**-**
XIX.	**TAXATION ON INCOME FROM DISCONTINUING OPERATIONS (±)**		**-**	**-**
18.1	Current Tax Provision		-	-
18.2	Deferred Tax Expense Effect (+)		-	-
18.3	Deferred Tax Income Effect (-)		-	-
XX.	**NET PROFIT/LOSS FROM DISCOUNTED OPERATIONS (XVIII±XIX)**		**-**	**-**
XXI.	**NET PROFIT/LOSSES (XV+XX)**		**223.168**	**174.174**

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

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

	INCOME OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT ITEMS	NOTES	Audited Current Period January 1- December 31, 2024	Audited Previous Period January 1- December 31, 2023
I.	**PERIOD INCOME/LOSS**		**223.168**	**174.174**
II.	**OTHER COMPREHENSIVE INCOME**		**-**	**-**
2.1	**Other comprehensive income or expense that will not be reclassified**		**-**	**-**
2.1.1	Gains/(losses) on revaluation of tangible assets		-	-
2.1.2	Gains/(losses) on revaluation of intangible assets		-	-
2.1.3	Gains/(losses) on remeasurement of defined benefit pension plans		-	-
2.1.4	Other items that will not be reclassified to profit or loss		-	-
2.1.5	Taxation on comprehensive income that will not be reclassified to profit or loss		-	-
2.2	**Other comprehensive income or expense that will be reclassified**		**-**	**-**
2.2.1	Translation differences for transactions in foreign currencies		-	-
2.2.2	Valuation/ or and classification revenues/ expenses of financial assets at fair value through other comprehensive income		-	-
2.2.3	Gains/(losses) from cash flow hedges		-	-
2.2.4	Gains/(losses) from net investment hedges		-	-
2.2.5	Other items that will be reclassified to profit or loss		-	-
2.2.6	Taxation on comprehensive income that will be reclassified to profit or loss		-	-
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**		**223.168**	**174.174**

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EKSPO FAKTORİNG ANONİM ŞİRKETİ

Statement of changes in shareholders' equity as of December 31, 2024

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

	CHANGES IN EQUITY						Other comprehensive income or expense that will not be reclassified subsequently to profit or loss			Other comprehensive income or expense that will be reclassified subsequently to profit or loss						
		NOTES	Paid-in Capital	Share Premium	Share Cancellation	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit/ Losses	Net Profit/ Losses	Total Equity
	PREVIOUS PERIOD (31/12/2023)															
I.	**Balances at the beginning of the period**		**60.000**	-	-	-	-	-	-	-	-	-	**16.846**	**153.933**	**74.987**	**305.766**
II.	**Corrections made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted balances (I+II)**		**60.000**	-	-	-	-	-	-	-	-	-	**16.846**	**153.933**	**74.987**	**305.766**
IV.	**Total Comprehensive Income**		-	-	-	-	-	-	-	-	-	-	-	-	**174.174**	**174.174**
V.	**Capital increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital increase through internal resources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Inflation adjustments to paid-in capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated loans**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase/decrease due to other changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit distribution**		-	-	-	-	-	-	-	-	-	-	**64.987**	**(74.987)**	**(10.000)**	**(6.000)**
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	(10.000)	-	(10.000)	(6.000)
11.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	74.987	(74.987)	-	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the end of the period (III+IV+......+XI+XII)		**60.000**	-	-	-	-	-	-	-	-	-	**16.846**	**218.920**	**174.174**	**469.940**
	CURRENT PERIOD (31/12/2024)															
I.	**Balances at the beginning of the period**		**60.000**	-	-	-	-	-	-	-	-	-	**16.846**	**218.920**	**174.174**	**469.940**
II.	**Corrections made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted balances (I+II)**		**60.000**	-	-	-	-	-	-	-	-	-	**16.846**	**218.920**	**174.174**	**469.940**
IV.	**Total Comprehensive Income**		-	-	-	-	-	-	-	-	-	-	-	-	**223.168**	**223.168**
V.	**Capital increase**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital increase through internal resources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Inflation adjustments to paid-in capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated loans**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase/decrease due to other changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit distribution**		-	-	-	-	-	-	-	-	-	-	-	**154.174**	**(174.174)**	**(20.000)**
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	(20.000)	-	(20.000)
11.2	Transfers to reserves		-	-	-	-	-	-	-	-	-	-	-	174.174	(174.174)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at the end of the period (III+IV+......+XI+XII)		**60.000**	-	-	-	-	-	-	-	-	-	**16.846**	**373.094**	**223.168**	**673.108**

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

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

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Statement of cash flows as of December 31, 2024

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

	CASH FLOW STATEMENT	Notes	Audited Current Period January 1-December 31, 2024	Audited Previous Period January 1-December 31, 2023
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.1	**Operating Profit before Changes in Operating Assets and Liabilities**		**268.757**	**197.095**
1.1.1	Interests Received/ Leasing Income		749.381	327.406
1.1.2	Interests Paid / Leasing Expenses		(286.533)	(112.681)
1.1.3	Leasing Expenses		(2.183)	(2.183)
1.1.4	Dividend Received		-	-
1.1.5	Fees and Commissions Received		15.387	49.683
1.1.6	Other Income		-	-
1.1.7	Collections from Previously Written-off Doubtful Receivables	6	(17.120)	(133)
1.1.8	Payments to Personnel and Service Suppliers		(87.015)	(51.559)
1.1.9	Taxes Paid	31	(98.901)	(44.576)
1.1.10	Other		(4.259)	31.138
1.2	**Changes in Operating Assets and Liabilities**		**(236.219)**	**(220.225)**
1.2.1	Net (Increase)/Decrease in Factoring Receivables		(630.940)	(354.568)
1.2.2	Net (Increase)/Decrease in Finance Loans		-	-
1.2.3	Net (Increase)/Decrease in Lease Receivables		-	-
1.2.4	Net (Increase)/Decrease in Other Assets		(4.066)	(3.830)
1.2.5	Net Increase/(Decrease) in Factoring Payables		(32.889)	26.960
1.2.6	Net Increase/(Decrease) in Lease Payables		-	-
1.2.7	Net Increase/(Decrease) in Funds Borrowed		434.725	116.998
1.2.8	Net Increase/(Decrease) in Due Payables		-	-
1.2.9	Net Increase/(Decrease) in Other Liabilities		(3.049)	(5.785)
I.	**Net Cash Used in Operating Activities**		**32.538**	**(23.130)**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		**-**	**-**
2.1	Acquisition of Investments, Associates and Subsidiaries		-	-
2.2	Disposal of Investments, Associates and Subsidiaries		-	-
2.3	Purchases of Property and Equipment	7,8,9	(2.642)	(498)
2.4	Disposals of Property and Equipment		-	-
2.5	Purchase of Investments Designated at Fair Value Through Other Comprehensive Income		(21.134)	-
2.6	Sale of Investments Designated at Fair Value Through Other Comprehensive Income		-	-
2.7	Purchase of Investment Securities Designated at Fair Value Through Profit/Loss		-	-
2.8	Sale of Investment Securities Designated at Fair Value Through Profit/Loss		-	-
2.9	Other		428	796
II.	**Net Cash (Used in)/Provided from Investing Activities**		**(23.348)**	**298**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		**-**	**-**
3.1	Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Issued Capital Instruments		-	-
3.4	Dividend Paid	20	(20.000)	(10.000)
3.5	Payments for Finance Leases		-	-
3.6	Other		-	-
III.	**Net Cash (Used in)/Provided from Financing Activities**		**(20.000)**	**(10.000)**
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**580**	**4.103**
V.	**Net Increase/(Decrease) in Cash and Cash Equivalents**		**(10.230)**	**(28.729)**
VI.	**Cash and Cash Equivalents at Beginning of the Period**	**3**	**22.385**	**51.114**
VII.	**Cash and Cash Equivalents at End of the Period**	**3**	**12.155**	**22.385**

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Profit distribution table as of December 31, 2024

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

		Current Period- December 31, 2024(*)(**)	Previous Period December 31, 2023
I.	**DISTRIBUTION OF CURRENT PERIOD PROFIT (*)**		
1.1	CURRENT PERIOD PROFIT	307.798	218.750
1.2	TAXES AND DUES PAYABLE (-)	(84.630)	(44.576)
1.2.1	Corporate Tax (Income Tax)	(111.648)	(74.632)
1.2.2	Withholding Tax	-	-
1.2.3	Other taxes and dues (**)	27.018	30.056
A.	**NET PERIOD PROFIT (1.1-1.2)**	**223.168**	**174.174**
1.3	PRIOR YEARS LOSSES (-)	218.920	153.933
1.4	FIRST LEGAL RESERVE (-) (-)	8.709	3.749
1.5	OTHER STATUTORY RESERVES NEEDED TO BE KEPT IN THE COMPANY (-)	-	-
B	**DISTRIBUTABLE NET PERIOD PROFIT [(A-1.3-1.4-1.5)]**	**200.852**	**174.174**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	(20.000)
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Preferred Stocks	-	-
1.6.3	To Profit Sharing Bonds	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Owners of the profit /loss Sharing Certificates	-	-
1.7	DIVIDENS TO PERSONNEL (-)	-	-
1.8	DIVIDENS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDENS TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Stocks	-	-
1.9.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Owners of the profit /loss Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUS RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	-
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	**DISTRIBUTION FROM RESERVES**	**-**	**-**
2.1	DISTRIBUTED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	SHARE TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Preferred Stocks	-	-
2.3.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Owners of the profit /loss Sharing Certificates	-	-
2.4	SHARE TO PERSONNEL (-)	-	-
2.5	SHARE TO BOARD OF DIRECTORS (-)	-	-
III.	**EARNINGS PER SHARE**		
3.1	TO OWNERS OF STOCKS	3,72	2,90
3.2	TO OWNERS OF STOCKS (%)	0,037	0,029
3.3	TO OWNERS OF PREFERRED STOCKS	-	-
3.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-
		-	-
IV.	**DIVIDEND PER SHARE**		
4.1	TO OWNERS OF STOCKS	-	0,33
4.2	TO OWNERS OF STOCKS (%)	-	0,0033
4.3	TO OWNERS OF PREFERRED STOCKS	-	-
4.4	TO OWNERS OF PREFERRED STOCKS (%)	-	-

(*) The General Assembly is the authorized body of the Company regarding the distribution of the current period profit. As of the date these financial statements were prepared, the Company's annual Ordinary General Assembly meeting has not been held yet.

(**) Per the Banking Regulation and Supervision Agency, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. The Company's deferred tax income, resulting from deferred tax assets, of TL 27.018 (2023: TL 30.056 deferred tax income) was not taken into account in the calculation of distributable profit.

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

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

1. Organization and Operations of the Company

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

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

As of December 31, 2024, the number of employees of the Company is 31 (December 31, 2023: 32). The Company's trade registry address, Maslak Maslak Mah. Meydan Sokak No: 5 / B Spring Giz Plaza Sarıyer-Istanbul / Türkiye. The company mainly continues its factoring operations in a single geographical region (Türkiye).

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

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

	December 31, 2024	Share (%)	December 31, 2023	Share (%)
M. Semra Tümay	29.400	49,00	29.400	49,00
Murat Tümay	15.300	25,50	15.300	25,50
Zeynep Ş. Akçakayalıoğlu	15.300	25,50	15.300	25,50
Capital	**60.000**	**100,00**	**60.000**	**100,00**

Authorization of Financial Statements

The Board of Directors has approved the publication of financial statements of the Company on February 14, 2025. The General Assembly has the authority to modify the financial statements.

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

2. Basis of presentation of the financial statements

2.1 Basis of presentation

2.1.1 Application of Accounting Policy Standards

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

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

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

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

2.1 Basis of presentation (cont'd)

2.1.1 Application of Accounting Policy Standards (cont'd)

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

Provision for total factoring receivables determined upon the evaluation of factoring receivables comprises the impaired factoring receivables in the factoring receivables portfolio of the Company. The Company books this provision "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" published in the Official Gazette dated December 24, 2013 and numbered 28861. In accordance with the mentioned communiqué, special provision is booked after taking into consideration their pledges at a rate of at least 20% for factoring receivables whose maturity is 90-180 days overdue, at a rate of at least 50% for factoring receivables whose maturity is 180-360 days overdue, and at a rate of 100% for factoring receivables whose maturity is one year overdue.

2.1.2 Functional and Presentation Currency

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

2.1.3 Financial Reporting in Hyperinflationary Economies

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

Entities whose functional currency is the currency of a hyperinflationary economy present their financial statements in terms of the measuring unit current at the end of the reporting period according to "TAS 29 Financial Reporting in Hyperinflation Economies". Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying Turkish Financial Reporting Standards (TFRSs) are required to present their financial statements by adjusting for the impact of inflation for the annual reporting period ending on or after December 31, 2023, in accordance with the accounting principles specified in TAS 29. In the same announcement, it was stated that institutions or organizations authorized to regulate and supervise in their respective scope might determine different transition dates for the implementation of inflation accounting, and in this context, Banking Regulation and Supervision Agency (BRSA) announced that financial statements of banks, financial leasing, factoring, financing, savings financing and asset management companies as of December 31, 2024 would not be subject to the inflation adjustment in accordance with BRSA Board decision on December 5, 2024.

Accordingly, TAS 29 has not been applied in the financial statements of the Bank as of December 31, 2024.

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

2.1 Basis of presentation (cont'd)

2.1.4 Offsetting

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

2.2 Changes in accounting policies

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

2.3 Change in accounting estimates and errors

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

2.4 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as of December 31, 2024 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, 2025 and thereafter. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2025 are as follows:

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

In January 2020 and October 2023, IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in October 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, October 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 clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also 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 must be applied retrospectively in accordance with IAS 8.

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

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

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

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

In January 2023, the Board issued amendments to IFRS 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 recognize any amount of the gain or loss that relates to the right of use it retains. In applying requirements of IFRS 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 recognize 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 IFRS 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 IAS 8. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued 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 IFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose.

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

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

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

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

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, IASB 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 assess the impact of these amendments when the standards are finalized.

TFRS 17 – New Insurance Contracts Standard

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2026 with the announcement made by the POA.

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

Amendments to IAS 21 - Lack of exchangeability

In May 2024, the Board issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

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

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

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

iii) The amendments which are effective immediately upon issuance

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

In September 2023, the Board issued amendments to IAS 12, which introduce a mandatory exception in IAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that IAS 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.

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

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

The following two amendments to IFRS 9 and IFRS 7 and Annual Improvements to IFRS Accounting Standards as well as IFRS 18 and IFRS 19 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the amendments and new Standard are issued and become effective under TFRS.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

In May 2024, IASB issued amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7). The amendment clarifies that a financial liability is derecognised on the 'settlement date'. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non-recourse assets and contractually linked instruments. Additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment.

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

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

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

Annual Improvements to IFRS Accounting Standards – Volume 11

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11, amending the followings:

- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter: These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.*

- *IFRS 7 Financial Instruments: Disclosures – Gain or Loss on Derecognition: The amendments update the language on unobservable inputs in the Standard and include a cross reference to IFRS 13.*

- *IFRS 9 Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price: IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply derecognition requirement of IFRS 9 and recognise any resulting gain or loss in profit or loss. IFRS 9 has been also amended to remove the reference to 'transaction price".*

- *IFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent': The amendments are intended to remove the inconsistencies between IFRS 10 paragraphs.*

- *IAS 7 Statement of Cash Flows – Cost Method: The amendments remove the term of "cost method" following the prior deletion of the definition of 'cost method'.*

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

Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendment clarifies the application of the "own use" requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments are not applicable for the Company.

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

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

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

IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34.

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

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

In May 2024, IASB issued IFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards may elect to apply IFRS 19.

The amendment is not applicable for the Company.

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

2.5 Summary of significant account policies

(a) Revenue and cost recognition

(i) Factoring interest and commission income

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

(ii) Other income and other expense

Other income and expenses are recognized on an accrual basis.

(iii) Financial income / expense

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

(b) Financial instruments

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

<u>Financial Assets</u>

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

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriates a shorter period to the net carrying amount on initial recognition.

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

<u>Factoring Receivables and Other Receivables</u>

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

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

2.5 Summary of significant account policies (cont'd)

(b) Financial Instruments: (cont'd)

Financial Assets (cont'd)

Provision for total factoring receivables determined upon the evaluation of factoring receivables comprises the impaired factoring receivables in the factoring receivables portfolio of the Company. The Company books this provision "Communiqué on Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables Procedures and Principles for the Provisions to be set aside by Financial Leasing, Factoring and Financing Companies for their Receivables" published in the Official Gazette dated December 24, 2013 and numbered 28861. In accordance with the mentioned communiqué, special provision is booked after taking into consideration their pledges at a rate of at least 20% for factoring receivables whose maturity is 90-180 days overdue, at a rate of at least 50% for factoring receivables whose maturity is 180-360 days overdue, and at a rate of 100% for factoring receivables whose maturity is one year overdue.

According to the Official Gazette n. 30409 in May 2, 2018; the regulation about the " financial leasing, factoring, the accounting applications of finance companies and financial statements; making provision in the scope of TFRS 9 has been set optional. Accordingly, the company does not make provision in the scope of TFRS 9 as of December 31, 2024.

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

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

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

2.5 Summary of significant account policies (cont'd)

(b) Financial Instruments: (cont'd)

Financial Assets (cont'd)

Financial Assets Measured at Amortised Cost

A financial asset is measured at amortized cost if both of the following conditions are met: (a) Asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. (b) Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at amortised cost are loans and receivables and financial assets. (a) Financial assets that are credit-depreciated when purchased or created. For such financial assets, the entity applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from the first time it is included in the financial statements. (b) Financial assets that were not credit-depreciated financial assets when they were purchased or created, but subsequently became credit-depreciated financial assets. For such financial assets, the entity applies the effective interest rate to the amortized cost of the asset in subsequent reporting periods. In cases where the contractual cash flows of a financial asset have been altered or otherwise restructured and such alteration or restructuring does not result in the exclusion of the financial asset from the financial statements, the gross carrying value of the financial asset is recalculated and the restructuring gain or loss is reflected in the profit or loss. In the absence of reasonable expectations of partial or complete recovery of the value of a financial asset, the Company shall directly reduce the gross book value of the financial asset and exclude it from the financial statement.

The Company's financial assets as of December 31, 2024, shown at fair value, are shown below (December 31, 2023: None).

	December 31, 2024	December 31, 2023
Financial assets for sale	21.134	-

Financial Assets Measured at Fair Value through Other Comprehensive Income

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

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

2.5 Summary of significant account policies (cont'd)

(b) Financial Instruments: (cont'd)

Financial Assets (cont'd)

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

The Company does not have financial assets whose fair value changes are reflected in other comprehensive income as of December 31, 2024 (December 31, 2023: None).

Factoring receivables and other receivables

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

Impairment of financial assets

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

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

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

2.5 Summary of significant account policies (cont'd)

(b) Financial Instruments: (cont'd)

Financial Assets (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; demand deposits and other short-term highly liquid investments which their original maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying value of these assets approximates their fair value.

Derivative Financial Instruments and Hedge Accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements: Hedge accounting is not applied at December 31, 2024 and December 31, 2023.

Financial Liabilities

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

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

Financial liabilities at fair value through profit or loss

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

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

Other Financial Liabilities

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

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

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

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

2.5 Summary of significant account policies (cont'd)

(c) Property, Plant and Equipments

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

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

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

Description	*Years*
Furniture and fixtures	5 years
Vehicles	5 years
Buildings	50 years

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

(d) Intangible Assets

Purchased Intangible Assets

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

Computer software

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

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

2.5 Summary of significant account policies (cont'd)

(e) Impairment of Non-Financial Assets

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

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

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

(f) Share Capital Increase

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

(g) Employee benefits

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

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

	December 31, 2024	December 31, 2023
Net discount rate	4,62%	3,43&

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

(h) Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

2.5 Summary of significant account policies (cont'd)

(i) Borrowing Costs

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

(j) Effects of currency change

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

The foreign currency exchange rates used by the Company as of December 31, 2024 and December 31, 2023 are as follows:

	December 31, 2024	December 31, 2023
USD	35,2233	29,4382
EUR	36,7429	32,5739
GBP	44,2458	37,4417

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

(k) Earnings Per Share

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

(l) Subsequent events

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

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

(m) Segment Reporting of Financial Information

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

2.5 Summary of significant account policies (cont'd)

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

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

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

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

Deferred tax

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

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

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

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

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

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

2.5 Summary of significant account policies (cont'd)

(o) TFRS 16 Leases

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

Right of Use Assets

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

The cost of the right-of-use asset includes:
(a) the initial measurement amount of the lease liability,
(b) all lease payments made on or before the actual commencement date, less any lease incentives received, and
(c) All initial direct costs incurred by the Company.

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

Lease Liabilities

The Company measures the lease liability over the present value of the unpaid lease payments when the lease commences.
The lease payments included in the measurement of the lease liability at the actual commencement date consist of the following payments to be made for the right to use the underlying asset during the lease term and not paid at the time the lease commences:
(a) fixed payments,
(b) variable lease payments based on an index or rate, initially measured using an index or rate at the date the lease commences;
(c) Amounts expected to be paid by the Company under residual value commitments.
(d) If the Company is reasonably sure that it will use the option to buy, the exercise price of this option and
(e) If the rental period indicates that the Company will use an option to terminate the lease, penalty payments regarding the lease's termination.

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

2.5 Summary of significant account policies (cont'd)

(o) TFRS 16 Leases (cont'd)

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

The Company measures the lease liability as follows, after the date the lease commences:
(a) increases the carrying value to reflect the interest on the lease liability, and
(b) It reduces the book value to reflect the lease payments made.
Also, in the event of a change in the lease term, in substance, a change in fixed lease payments, or in the assessment of the option to purchase the underlying asset, the value of the financial lease obligations is remeasured.

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

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

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

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

(p) Cash Flow Statement

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

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

(r) Related Parties

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

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

2.5 Summary of significant account policies (cont'd)

(s) Assets held for sale

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

(t) Investment Property

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

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

2.6 Significant Accounting Evaluation, Estimates and Assumptions

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

Notes 18 – Provisions
Notes 31 – Tax assets and liabilities

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

3. Cash and cash equivalents

	December 31, 2024		December 31, 2023	
	TL	**FC**	**TL**	**FC**
Cash			-	-
Banks	3.933	8.222	9.657	12.728
~ Demand Deposit	*3.933*	*8.222*	*9.657*	*12.728*
~ Time Deposits	-	-	-	-
Total	**3.933**	**8.222**	**9.657**	**12.728**
Blocked deposits (*)	-	-	-	-
Cash and cash equivalents in the statement of cash flows	**3.933**	**8.222**	**9.657**	**12.728**

(*) As of December 31, 2024, there is no blockage on bank deposits. (December 31, 2023: None).
As of December 31, 2024, the Company has no bank deposits (December 31, 2023: None).

4. Financial assets available for sale

None (December 31, 2023: None).

5. Factoring receivables

31 Aralık 2024 ve 31 Aralık 2023 tarihleri itibarıyla, faktoring alacaklarının detayı aşağıdaki gibidir:

	December 31, 2024		December 31, 2023	
	TL	**FC**	**TL**	**FC**
Discounted Factoring receivables	889.317	-	360.104	-
Other Factoring receivables	430.818	283.019	503.322	167.392
	1.320.135	**283.019**	**863.426**	**167.392**

	31 Aralık 2024		31 Aralık 2023	
	TP	**YP**	**TP**	**YP**
Domestic Factoring Receivables(*)	1.320.135	-	863.426	-
Export and Import Factoring Receivables	-	283.019	-	167.392
Non-performing Factoring Receivables (**)	17.943	-	23.143	-
Gross factoring receivables	**1.338.078**	**283.019**	**886.569**	**167.392**
Provision for Factoring Receivables	(17.943)	-	(23.143)	-
Factoring receivables, Net	**1.320.135**	**283.019**	**863.426**	**167.392**

(*) The Company has an unearned receivable about TL 124.239 from domestic factoring receivables by the date of December 31, 2024 (December 31, 2023: TL 53.977).
(**) It is classified as "non-performing receivables" in balance sheet.

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

5. Factoring receivables (cont'd)

As of December 31, 2024 and 2023, distribution of gross factoring receivables are as follows:

	December 31, 2024	December 31, 2023
Fixed rate	1.013.556	414.081
Floating rate	707.272	657.597
	1.720.828	**1.071.678**

Analysis of factoring receivables are as follows:

	31 Aralık 2024	31 Aralık 2023
Neither past due nor impaired	1.603.154	1.030.818
Past due but not impaired	-	-
Impaired	17.943	23.143
Gross	**1.621.097**	**1.053.961**
(Loss): Specific provision for impaired factoring receivables	(17.943)	(23.143)
Factoring receivables and non-performing receivables (net)	**1.603.154**	**1.030.818**

The sectoral distribution of factoring receivables as of December 31, 2024 and December 31, 2023 are as follows:

	December 31, 2024	December 31, 2024	December 31, 2023	December 31, 2023
	Total	%	Total	%
Textile	277.350	17	207.399	20
Retail and wholesale Trade	257.119	16	130.260	13
Construction-contracting services	189.883	12	56.734	6
Leather industry	180.432	11	93.519	9
Transportation, storage and communication	121.023	8	38.978	4
Tourism	116.802	7	109.727	11
Non-metallic minerals industry	98.301	6	26.181	3
Chemicals and pharmaceuticals	91.660	6	148.783	14
Financial institutions	81.075	5	-	-
Pulp and paper products	46.525	3	-	-
Wood and Wooden Products	37.157	2	56.245	5
Research	28.360	2	4.184	-
Machinery and equipment industry	15.079	1	23.391	2
Computer and computer equipment	-	-	1.208	-
Iron, steel, coal, oil and other minerals	-	-	114.320	11
Other	62.388	4	19.889	2
	1.603.154	**100**	**1.030.818**	**100**

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

5. Factoring receivables (cont'd)

As of December 31, 2024 and 2023, distribution of revocable factoring transactions are as follows:

	December 31, 2024	December 31, 2023
Customer Checks	357.127	416.692
	357.127	**416.692**

As of December 31, 2024 and 2023, distribution of collaterals received for factoring receivables are as follows:

	December 31, 2024		December 31, 2023	
	TL	FC	TL	FC
Received Bails (*)	11.796.533	5.138.655	9.197.874	3.968.773
Collateral Checks and Bills	446.456	612.731	361.590	568.955
	12.242.989	**5.751.386**	**9.559.464**	**4.537.728**

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

6. Non-performing receivables

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

	December 31, 2024	December 31, 2023
Non-performing factoring receivables	17.943	23.143
Specific provisions	(17.943)	(23.143)
	-	-

The aging of the past due factoring receivables as of December 31, 2024 and 2023 is as follows:

	December 31, 2024	December 31, 2023
Up to 90 days	2.039	323
Between 90-180 days	4.391	-
Between 180-360 days	5.491	1.000
360 days and above	6.022	21.820
	17.943	**23.143**

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

6. Non-performing receivables (cont'd)

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

	January 1 – December 31, 2024	January 1 – December 31, 2023
Balance as of January 1	23.143	21.953
Provision expense during the period	11.920	1.323
Collections	(17.120)	(133)
Balance at the end of the period	**17.943**	**23.143**

7. Tangible Assets

	January 1, 2024	Addition	Disposal	December 31, 2024
Cost				
Furniture ve fixture	725	1.135	(15)	1.845
Vehicle	2.039	-	-	2.039
Special costs	743	643	-	1.386
Other	837	-	-	837
	4.344	**1.778**	**(15)**	**6.107**

	January 1, 2024	Current year depreciation	Disposal	December 31, 2024
Accumulated Depreciation				
Furniture ve fixture	1.108	158	(15)	1.251
Vehicle	1.400	75	-	1.475
Special costs	351	55	-	406
	2.859	**288**	**(15)**	**3.132**
Net book value	**1.485**			**2.975**

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

7. Tangible Assets (cont'd)

	January 1, 2023	Addition	Disposal	December 31, 2023
Cost				
Furniture ve fixture	947	96	(318)	725
Vehicle	2.039	-	-	2.039
Special costs	341	402	-	743
Other	837	-	-	837
	4.164	**498**	**(318)**	**4.344**

	January 1, 2023	Current year depreciation	Disposal	December 31, 2023
Accumulated Depreciation				
Furniture ve fixture	706	481	(79)	1108
Vehicle	1.280	120	-	1.400
Special costs	341	10	-	351
	2.327	**611**	**(79)**	**2.859**
Net book value	**1.837**			**1.485**

As of December 31, 2024, the Company has tangible fixed assets with a net book value of TL 2.975, with a cost of TL 6.107 and an accumulated depreciation amount of TL 3.132 (As of December 31, 2023, the net book value of tangible fixed assets is TL 1.485).

8. Intangible assets

	January 1, 2024	Addition	Disposal	December 31, 2024
Cost				
Computer softwares and rights	333	512	-	845
	333	**512**	**-**	**845**

	January 1, 2024	Amortization	Disposal	December 31, 2024
Accumulated Amortization	92	54	-	146
Computer softwares and rights				
	92	**54**	**-**	**146**
Net book value	**241**			**699**

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

8. Intangible assets (cont'd)

	January 1, 2023	Addition	Disposal	December 31, 2023
Cost				
Computer softwares and rights	698	-	(365)	333
	698	**-**	**(365)**	**333**

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

9. Investment Property

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

	January 1, 2024	Addition	Disposal	December 31, 2024
Cost				
Investment Property	32.469	352	-	32.821
	32.469	**352**	**-**	**32.821**

	January 1, 2024	Current year depreciation	Disposal	December 31, 2024
Accumulated Depreciation				
Investment Property	109	109	-	218
	109	**109**	**-**	**218**
Net Book Value	**32.360**			**32.603**

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Notes to the financial statements for the period ended December 31, 2024

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

9. Investment Property (cont'd)

	January 1, 2023	Addition	Disposal	December 31, 2023
Cost				
Investment Property	32.469	-	-	32.469
	32.469	**-**	**-**	**32.469**

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

10. Deferred tax assets/(liabilities)

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

As of December 31, 2024, 30% tax rate is used for temporary differences that are expected to be realized / closed (As of December 31, 2023: 30%)

	Temporary differences		Deferred tax assets/(liabilities)	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Employee severance payments	6.345	4.415	1.904	1.325
Prepaid commissions	212	4.555	64	1.367
Tangible and intangible assets	85.100	62.890	25.530	18.867
Unearned interest income	124.239	53.977	37.271	16.192
Deferred tax assets	**215.896**	**125.837**	**64.769**	**37.751**
Tangible and intangible assets	-	-	-	-
Deferred tax liabilities	**-**	**-**	**-**	**-**
Deferred tax assets (net)	**215.896**	**125.837**	**64.769**	**37.751**

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

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

Movement of deferred tax asset is as follows:

	2024	2023
Beginning balance, January 1	37.751	7.695
Deferred tax income/(expense)	27.018	30.056
Closing balance, December 31	**64.769**	**37.751**

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

None (December 31, 2023: None)

13. Funds Borrowed

	December 31, 2024		December 31, 2023	
	TL	FC	TL	FC
Receivables from customers (*)	10.782	149	6.842	-
Prepaid expenses	19	-	19	-
	10.801	**149**	**6.861**	**-**

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

13. Funds Borrowed

	December 31, 2024	December 31, 2023
Short-term bank borrowings	1.018.188	583.463
	1.018.188	**583.463**

The details of bank borrowings are as follows:

Currency	Average Interest rate%	Maturity	December 31, 2024
TL	51,01	January 2025 – April 2025	727.212
			727.212
Currency	**Average Interest rate%**	**Maturity**	**December 31, 2023**
TL	46,23	January 2024 - March 2024	583.463
			583.463

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

13. Funds Borrowed (cont'd)

Currency	Average Interest rate%	Maturity	December 31, 2024
USD	7,42	June 2025 - December 2025	290.976

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

Currency	Average Interest rate%	Maturity	December 31, 2024
EUR	-	-	-

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

	December 31, 2024		December 31, 2023	
	TL	**FC**	**TL**	**FC**
Sabit faizli	727.212	290.976	538.563	-
Değişken faizli	-	-	44.900	-
	727.212	**290.976**	**583.463**	**-**

14. Bonds and notes issued

None (December 31, 2023: None).

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

15. Factoring payables

	December 31, 2024	December 31, 2023
Factoring payable	4.923	37.812
	4.923	**37.812**

16. Financial lease obligations

None (December 31, 2023: None).

17. Other payables

	December 31, 2024		December 31, 2023	
	TL	FC	TL	FC
Fees and commissions collected in advance	148	62	4.553	3
Suppliers payable	3.684	-	2.476	5
	3.832	**62**	**7.029**	**8**

18. Provisions

Reserves For Employee Benefits

	December 31, 2024	December 31, 2023
Provision for employment termination benefits	6.345	4.415
Provision for unused vacation	-	-
	6.345	**4.415**

Provision for employment termination benefits

Provision for employment termination benefits table is as follows:

	December 31, 2024	December 31, 2023
January 1, beginning	**4.415**	**2.971**
Interest rate	1.367	898
Service cost	2.439	1.523
Payments during the period	(1.876)	(977)
Actuarial (gain) / loss	-	-
Balance at the end of the period	**6.345**	**4.415**

18. Provisions (cont'd)

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

The indemnity to be paid is up to one month's salary for each service year, not exceeding the retirement pay ceiling amount for the relevant period, and this amount is limited to TL 41.828 (2023: TL 23.490) as of December 31, 2024 (with full TL amount).

The liability is not funded, as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

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

As of December 31, 2024 and December 31, 2023, the Company pays severance pay based on estimated inflation rates and factors arising from its own experience with the resignation or termination of employment of personnel, and determines that the vested benefits are based on the government bond interest rate valid on the relevant balance sheet dates and "Projected Unit Loan". It has commissioned an independent actuarial study that discounts using the method and reflected it in its financial statements. Provisions at the balance sheet dates are calculated using the assumptions of 21,53% annual inflation, 27,15% interest rate and approximately 4,62% real discount rate (December 31, 2023: 20,90% annual inflation, 25,05% interest rate and a real discount rate of approximately 3,43%).

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

19. Minority shares

None (December 31, 2023: None).

20. Paid-In Capital and Capital Reserves

Paid in-capital

As of December 31, 2024, the Company's core capital is 60.000 TL (December 31, 2023: 60.000 TL). As of December 31, 2024, the Company has 60.000 (December 31, 2023: 60.000) non-privileged shares with a value of TL 1 (December 31, 2023: TL 1). The registered capital of the Company consists of 60.000.000 shares with a value of 1 TL each (in full TL amount).

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

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

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

Dividends

The Company distributed TL 20.000 as dividends to shareholders from the profit of 2024 (2023: TL 10.000).

21. Profit reserves

As of December 31, 2024 and 2023 profit reserves are as follows:

	December 31, 2024	December 31, 2023
Legal reserves	16.846	16.846
	16.846	**16.846**

22. Prior Period's Profit / Loss

	December 31, 2024	December 31, 2023
Prior periods profit/(loss)	373.094	218.920
	373.094	**218.920**

23. Provisions, contingent assets and contingent liabilities

23.1 Letters of Guarantee Received

As of December 31, 2024, and 2023, the details of the Company's items held in custody is as follows:

	December 31, 2024		December 31, 2023	
	TP	YP	TP	YP
Received Bails (*)	11.796.533	5.138.655	9.197.874	3.968.773
Customers' Notes	365.623	543.006	281.882	513.572
Customers' Cheques	80.833	79.255	79.708	55.383
	12.242.989	**5.760.916**	**9.559.464**	**4.537.728**

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

23.2 Letters of Guarantee Given

The details of letters of guarantee given as of December 31, 2024 and 2023 are as follows:

	December 31, 2024		December 31, 2023	
	TL	**FC**	**TL**	**FC**
Letters of guarantee given to banks	480.026	-	245.294	-
Bails in favor of customers	-	-	7.500	-
	480.026	**-**	**252.794**	**-**

24. Operating income

	January 1- December 31, 2024	January 1- December 31, 2023
Factoring interest income	683.784	299.388
Factoring commission and other income	15.387	49.683
	699.171	**349.071**

25. Operating expense

	January 1- December 31, 2024	January 1- December 31, 2023
Personnel expenses	87.015	51.559
Rent expenses	10.209	4.406
Information technologies expenses	2.801	1.629
Provisions for employee termination benefits expense	3.806	2.421
Audit and consultancy expenses	1.892	1.064
Vehicle expenses	1.586	800
Subscription fee	1.312	1.817
Representation expenses	1.005	1.074
Taxes, duties, fees and funds	895	430
Amortization and depreciation expenses	451	782
Communication expenses	367	128
Other	4.536	5.270
	115.875	**71.380**

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

25. Operating expense (cont'd)

The detail of personnel expenses as of December 31, 2024 and December 31, 2023 are as follows:

	January 1- December 31, 2024	3January 1- December 31, 2023
Salary expenses	71.331	43.275
Social security premium employer's share	5.988	3.278
Insurance expenses	3.706	1.918
Transportation expenses	2.230	1.174
Meal expenses	1.369	762
Unemployment security employer's share	293	146
Other	2.100	1.006
	87.017	**51.559**

26. Other operating income

	January 1- December 31, 2024	January 1- December 31, 2023
Foreign currency gain	12.937	77.199
Provision no longer required	17.742	466
Interest received from banks	1.738	3.915
Interest received from securities	149	-
	32.566	**81.580**

27. Financial expenses

	January 1- December 31, 2024	January 1- December 31, 2023
Interest expense on bank borrowings	280.952	112.681
Fees and commissions expenses	8.439	15.751
Interest paid on debts from factoring transactions	5.581	-
	294.972	**128.432**

28. Provisions Expenses

As of December 31, 2024 and 2023 provisions are as follows:

	January 1- December 31, 2024	January 1- December 31, 20243
Provision expenses	(12.016)	(1.584)
	(12.016)	**(1.584)**

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

29. Other operating expenses

	January 1- December 31, 2024	3January 1- December 31, 2023
Foreign exchange loss	1.076	10.505
	1.076	**10.505**

30. Related Party Transactions

The detail of related party transactions as of December 31, 2024 and December 31, 2023 are as follows:

	January 1- December 31, 2024	3January 1- December 31, 2023
M. Semra Tümay – rent expenses	9.000	6.375
	9.000	**6.375**

Top management fees and rights:

As of December 31, 2024, total amount of salaries and similar benefits provided to top management is TL 50.952 (December 31, 2023: TL 30.000).

31. Tax assets and liabilities

Corporation Tax

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

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

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

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

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

31. Tax assets and liabilities (cont'd)

Current Period Tax Expense and Deferred Tax

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

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

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

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

As of December 31, 2024 and 2023, the tax liability has been set aside under the current tax legislation.

As of December 31, 2024 and 2023 taxes in income statement are stated below:

	January 1- December 31, 2024	3January 1- December 31, 2023
Corporate tax provision	111.648	74.632
Prepaid taxes	(69.667)	(45.398)
Tax (assets) / liabilities	**41.981**	**29.234**

	January 1- December 31, 2024	3January 1- December 31, 2023
Current tax expense	111.648	74.632
Deferred tax expense / (income)	(27.018)	(30.056)
Total tax expense / (income)	**84.630**	**44.576**

Reconciliation of Tax Provisions	January 1- December 31, 2024	3January 1- December 31, 2023
Profit before tax	307.798	218.750
Effective Tax Rate	%30	%30
Calculated Tax	(92.339)	(65.625)
Other and Effects of Expenses are not accepted legally	(534)	(334)
Inflation adjustment not subject to tax	7.272	19.821
Other	971	1.562
Tax expense in statement of profit or loss	**(84.630)**	**(44.576)**

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

32. Earning per share

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

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

None. (December 31, 2023: None).

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

a) Capital risk management

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

In accordance with Article 12 of the "Regulation on the Formation and Operations of Financial Leasing, Factoring and Financial Companies", published in Official Gazette of December 24, 2013, it is mandatory to achieve and maintain a minimum shareholders' equity to total assets ratio of 3%. The Company has reached standard rate as of December 31, 2024 (December 31, 2023: The Company has reached standard rate).

b) Significant account policies

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

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

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

(c) Financial instruments categories

	December 31, 2024	December 31, 2023
Financial Assets:		
Cash Equivalents and Banks	12.304	22.385
Factoring Receivables	1.603.154	1.030.818
Financial Liabilities:		
Factoring Payables	4.923	37.812
Funds Borrowed	1.018.188	583.463

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

- Level 1: Financial assets and liabilities are measured on the basis of the stock exchange prices quoted for identical assets and or liabilities in active markets.

- Level 2: Financial assets and liabilities are measured on the basis of inputs, other quoted market prices included in Level 1, that are observable for the asset or liability, either directly or indirectly.

- Level 3: Financial assets and liabilities are measured on the basis of inputs that are unobservable in active markets and cannot be used to measure the fair value of an identical asset or liability

(d) Financial risk management

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

(e) Market risk

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

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

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

(f) Foreign currency risk

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

The table below summarizes the foreign currency position risk of the Company on a detailed basis as of December 31, 2024 and December 31, 2023, the registered amounts of foreign currency assets and debts held by the Company are as follows in terms of their TL equivalents in foreign currencies:

	December 31, 2024			
	USD	**EUR**	**Other**	**Total**
Assets				
Banks	6.715	1.506	-	8.221
Financial investments	21.134	-	-	21.134
Factoring receivables	283.019	-	-	283.019
Other assets	149	-	-	149
Total assets	**311.017**	**1.506**		**312.523**
Liabilities				
Funds borrowed	283.019	-	-	283.019
Other liabilities	2.236	2.311	-	4.547
Other foreign liabilities	7.957	6	-	7.963
Total liabilities	**293.212**	**2.317**	**-**	**295.529**
Net foreign currency position	**17.805**	**(811)**		**16.994**
Off-balance sheet position	-	-	-	-
Net position	**17.805**	**(811)**		**16.994**

	December 31, 2023			
	USD	**EUR**	**Other**	**Total**
Assets				
Factoring receivables	11.279	1.449	-	12.728
Other assets	148.663	18.730	-	167.393
Banks	-	-	-	-
Total assets	**159.942**	**20.179**	**-**	**180.121**
Liabilities				
Other liabilities	-	5	-	5
Other foreign liabilities	3.449	2.049	-	5.498
Total liabilities				
Net foreign currency position	**156.493**	**18.125**	**-**	**174.618**
Off-balance sheet position	-	-	-	-
Net position	**156.493**	**18.125**	**-**	**174.618**

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

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

Foreign Currency Sensitivity

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

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

	December 31, 2024			
	Profit/ Loss		**Equity**	
	The appreciation of foreign currency	**Depreciation of foreign currency**	**The appreciation of foreign currency**	**Depreciation of foreign currency**
10% change of the USD against TL				
1 - Net USD asset/liability	1.781	(1.781)	1.781	(1.781)
2- Hedged portion of TL against USD risk (-)	-	-	-	-
3- Net effect of USD (1 +2)	**1.781**	**(1.781)**	**1.781**	**(1.781)**
10% change of the Euro against TL				
4 - Net Euro asset/liability	(81)	81	(81)	81
5 - Hedged portion of TL against Euro risk (-)	-	-	-	-
6- Net effect of Euro (4+5)	**(81)**	**81**	**(81)**	**81**
10% change of other foreign currencies against TL				
7- Net other foreign currencies asset/liability	-	-	-	-
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	**-**	**-**	**-**	**-**
Total (3 + 6 +9)	**1.700**	**(1.700)**	**1.700**	**(1.700)**

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

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

g) Credit Risk

Credit risk is defined as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counter-parties are continuously monitored.

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

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

g) Credit Risk (cont'd)

Credit risk exposures relating to types of financial instruments:

December 31, 2024	**Factoring receivables**	**Banks**	**Other Assets**
The maximum credit risk exposure as of reporting date	1.603.154	12.155	10.950
A. The net book value of financial assets that are neither past due or impaired	1.603.154	12.155	10.950
B. Renegotiated conditions, otherwise the book value of financial assets at maturity will be accepted as past due or impaired	-	-	-
C. The net book value of assets that are neither past due or impaired	-	-	-
D. The net book value of assets that are impaired	-	-	-
- Overdue (gross book value)	*17.943*	-	-
- Impairment (-)	*(17.943)*	-	-
E. Factors including off-balance sheet credit risk	-	-	-

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

g) Credit Risk (cont'd)

December 31, 2023	**Factoring receivables**	**Banks**	**Other Assets**
The maximum credit risk exposure as of reporting date	1.030.818	22.385	6.861
A. The net book value of financial assets that are neither past due or impaired	1.030.818	22.385	6.861
B. Renegotiated conditions, otherwise the book value of financial assets at maturity will be accepted as past due or impaired	-	-	-
C. The net book value of assets that are neither past due or impaired	-	-	-
D. The net book value of assets that are impaired	-	-	-
- Overdue (gross book value)	*23.143*	-	-
- Impairment (-)	*(23.143)*	-	-
E. Factors including off-balance sheet credit risk	-	-	-

h) Liquidity risk

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

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

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

i) Interest Rate

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

Interest Rate Sensitivity

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

		December 31, 2024	December 31, 2023
Fixed Rate Financial Instruments			
Financial Assets:			
Financial Investments		*21.134*	-
Banks		-	-
Factoring Receivables		*1.013.556*	*414.081*
Financial Liabilities:			
Funds Borrowed		*1.018.188*	*583.463*
Factoring Payables		*4.923*	*37.812*
Floating Rate Financial Instruments			
Financial Assets:		-	-
Factoring Receivables		*707.272*	*657.597*
Financial Liabilities:			
Funds Borrowed		-	*44.900*
Factoring Payables		-	-

j) Other Pricing Risks

None (December 31, 2023 :None).

EKSPO FAKTORİNG ANONİM ŞİRKETİ

Notes to the financial statements for the period ended December 31, 2024

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

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

k) Liquidity risk

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

Liquidity table

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

December 31, 2024

Contract or Expected Maturity	Book Value	Total Expected Cash Outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial Liabilities	**1.068.988**	**1.068.988**	**760.489**	**308.499**	**-**	**-**
Funds borrowed	1.018.188	1.018.188	709.689	308.499	-	-
Factoring payables	45.877	45.877	45.877	-	-	-
Other liabilities	4.923	4.923	4.923	-	-	-

December 31, 2023

Contract or Expected Maturity	Book Value	Total Expected Cash Outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non-derivative financial Liabilities	**628.312**	**646.275**	**590.845**	**55.430**	**-**	**-**
Funds borrowed	583.463	601.426	545.996	55.430	-	-
Factoring payables	37.812	37.812	37.812	-	-	-
Other liabilities	7.037	7.037	7.037	-	-	-

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

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

l) Fair value of financial instruments

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

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

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

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

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

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

	December 31, 2024	December 31, 2023
Independent audit fee for the reporting period	1.175.000	650.000
Fees for tax consultancy services	205.000	125.000
Fee for other assurance services	-	-
Fee for other services other than independent audit	-	-
Total	**1.380.000**	**775.000**

36. Subsequent events

None.

NOTES

DEMIRBAG CREATIVE

MANAGEMENT

MURAT TÜMAY
GENERAL MANAGER

ERHAN MERAL
ASSISTANT GENERAL MANAGER

AYNUR ARPAZ
ASSISTANT GENERAL MANAGER

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