FİBA FAKTORİNG ANONİM ŞİRKETİ

Financial Statements
As at and for the Year Ended
31 December 2021
With Independent Auditors' Report

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

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Independent Auditors' Report

To the Board of Directors of Fiba Faktoring Anonim Şirketi,

A) Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Fiba Faktoring Anonim Şirketi ("the Company") which comprise the statement of financial position as of 31 December 2021 and the statement of profit or loss, statement of profit or loss, and other comprehensive income, statement of changes in shareholders' equity, statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fiba Faktoring A.Ş. as of 31 December 2021, and its financial performance and its cash flows for the year then ended by the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings Financing Companies and Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring, Financing and Savings Financing Companies published in the Official Gazette dated 24 December 2013 and numbered 28861, other regulations, communiqués and circulars published by the Banking Regulation and Supervision Board ("BRSA") and the pronouncements made by the Banking Regulation and Supervision Agency and requirements of Turkish Financial Reporting Standards ("TFRS") for the matters not regulated by the aforementioned legislations together "the BRSA Accounting and Financial Reporting Legislation".

Basis for Opinion

We conducted our audit by Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Company by the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to the audit of financial statements, and we have fulfilled our other ethical responsibilities by the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Impairment of factoring receivables

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

Key Audit Matter	How the matter is addressed in our audit
As of December 31, 2021, the Company's factoring receivables constitute 82% of its total assets. The company accounts for its factoring receivables and provisions for impairment by the BRSA Accounting and Financial Reporting Legislation. Classification of receivables is made by taking into account the criteria specified in the Regulation. Within the scope of the Regulation, determination of the impairment of factoring receivables depends primarily on whether the classification of these receivables is made correctly. Among the criteria used for classification are non-judgmental determinations, as well as criteria that require determinations based on management judgment. There is a risk that the factoring receivables are impaired due to the criteria that require making decisions based on the aforementioned judgment and therefore the provision for impairment will not be determined. Due to these risks, the impairment of factoring receivables has been identified as a key audit matter.	Our audit procedures in this area include the following: The design and operating effectiveness of the controls established for credit allocation, disbursement, collection, follow-up, and impairment processes were evaluated. Audit studies have focused on the determination of factoring receivables that are impaired, the compliance of the depreciation provisions with the BRSA Accounting and Financial Reporting Legislation, the value of the collaterals, and the collection capability of the Company. In addition, the adequacy of the explanations made in the footnotes of the financial statements regarding the provision for impairment of factoring receivables was evaluated.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit by Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

1) Under the fourth paragraph of Article 402 of the Turkish Commercial Code numbered 6102 ("TCC"); no significant matter has come to tother attention that causes us to believe that the Company's bookkeeping order for the period 1 January-31 December 2021 is not in compliance with TCC and provisions of the Company's articles of association about financial reporting.

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Hakan Olekli, SMMM
Partner

28 February 2022
İstanbul, Türkiye

FİBA FAKTORİNG ANONİM ŞİRKETİ
Statement of Financial Position as at 31 December 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	ASSETS	Notes	Audited 31 December 2021			Audited 31 December 2020		
			TL	FC	Total	TL	FC	Total
I.	**CASH, CASH EQUIVALENTS AND CENTRAL BANK**	**3**	**146,123**	**36,895**	**183,018**	**8,943**	**39,610**	**48,553**
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)**		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL ASSETS**	**4**	-	-	-	**5,183**	-	**5,183**
IV.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (net)**	**6**	**89,433**	-	**89,433**	**53,835**	-	**53,835**
V.	**FINANCIAL ASSETS AT AMORTISED COST (Net)**		**1,309,794**	**97,124**	**1,406,918**	**934,629**	**40,217**	**974,846**
5.1	**Factoring Receivables**	**7.1**	**1,296,926**	**97,124**	**1,394,050**	**934,629**	**40,217**	**974,846**
5.1.1	Discounted Factoring Receivables (Net)		1,066,432	42,982	1,109,414	738,382	29,036	767,418
5.1.2	Other Factoring Receivables		230,494	54,142	284,636	196,247	11,181	207,428
5.2	**Saving Financing Receivables**		-	-	-	-	-	-
5.2.1	From the Savings Fund Pool		-	-	-	-	-	-
5.2.2	From Equity		-	-	-	-	-	-
5.3	**Financing Loans**		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		-	-	-	-	-	-
5.4	**Leasing (Net)**		-	-	-	-	-	-
5.4.1	Receivables From Finance Lease		-	-	-	-	-	-
5.4.2	Receivables From Operating Lease		-	-	-	-	-	-
5.4.3	Unearned Income (-)		-	-	-	-	-	-
5.5	**Other Financial Assets At Amortised Cost**		-	-	-	-	-	-
5.6	**Non Performing Receivables**	**7.2**	**40,407**	-	**40,407**	**74,999**	-	**74,999**
5.7	**Allowances for Expected Credit Loss/Specific Provisions (-)**	**7.2**	**(27,539)**	-	**(27,539)**	**(74,999)**	-	**(74,999)**
VI.	**SHAREHOLDING (Partnership) INVESTMENTS**		-	-	-	-	-	-
6.1	Investments In Associates (Net)		-	-	-	-	-	-
6.2	Investments In Subsidiaries (Net)		-	-	-	-	-	-
6.3	Investments In Joint Ventures (Net)		-	-	-	-	-	-
VII.	**TANGIBLE ASSETS (NET)**	**8**	**6,498**	-	**6,498**	**5,559**	-	**5,559**
VIII.	**INTANGIBLE ASSETS (NET)**	**9**	**213**	-	**213**	**325**	-	**325**
IX.	**REAL ESTATES FOR INVESTMENT (NET)**	**10**	**16,444**	-	**16,444**	**16,444**	-	**16,444**
X.	**CURRENT PERIOD TAX ASSETS**	**11**	-	-	-	-	-	-
XI.	**DEFERRED TAX ASSETS**	**11**	**10,392**	-	**10,392**	**3,555**	-	**3,555**
XII.	**OTHER ASSETS**	**12**	**9,657**	**78**	**9,735**	**5,567**	**18**	**5,585**
	SUBTOTAL		**1,588,554**	**134,097**	**1,722,651**	**1,034,040**	**79,845**	**1,113,885**
XIII.	**ASSETS HELD FOR SALE AND DISCONTINIUED OPERATIONS (Net)**		-	-	-	-	-	-
13.1	Assets Held For Sale		-	-	-	-	-	-
13.2	Assets Held For Discontiniued Operations		-	-	-	-	-	-
	TOTAL ASSETS		**1,588,554**	**134,097**	**1,722,651**	**1,034,040**	**79,845**	**1,113,885**

FİBA FAKTORİNG ANONİM ŞİRKETİ
Statement of Financial Position as at 31 December 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	LIABILITIES		Audited 31 December 2021			Audited 31 December 2020		
			TL	FC	Total	TL	FC	Total
I.	**FUNDS BORROWED**	**13**	**1,114,081**	**-**	**1,114,081**	**819,812**	**31,547**	**851,359**
II.	**FACTORING PAYABLES**	**7.1**	**334**	**-**	**334**	**815**	**-**	**815**
III.	**DEBTS FROM THE SAVING FUND POOL**		**-**	**-**	**-**	**-**	**-**	**-**
IV.	**LEASE OBLIGATIONS**	**14**	**2,344**	**1,184**	**3,528**	**474**	**1,629**	**2,103**
V.	**SECURITIES ISSUED (NET)**	**15**	**223,404**	**-**	**223,404**	**-**	**-**	**-**
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**5**	**37,087**	**-**	**37,087**	**-**	**-**	**-**
VIII.	**PROVISIONS**		**11,500**	**-**	**11,500**	**4,438**	**-**	**4,438**
8.1	Restructuring Reserves		-	-	-	-	-	-
8.2	Provisions For Employee Benefits	16	11,500	-	11,500	4,438	-	4,438
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		-	-	-	-	-	-
IX.	**CURRENT PERIOD TAX LIABILITIES**	**11**	**9,515**	**-**	**9,515**	**832**	**-**	**832**
X.	**DEFERRED TAX LIABILITIES**		**-**	**-**	**-**	**-**	**-**	**-**
XI.	**SUBORDINATED LOANS-DEBT**		**-**	**-**	**-**	**-**	**-**	**-**
XII.	**OTHER LIABILITIES**	**17**	**5,939**	**184**	**6,123**	**2,516**	**110**	**2,626**
	SUBTOTAL		**1,404,204**	**1,368**	**1,405,572**	**828,887**	**33,286**	**862,173**
XIII.	**PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINIUED**		**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held For Sale		-	-	-	-	-	-
13.2	Discontiniued Operations		-	-	-	-	-	-
XIV.	**SHAREHOLDERS' EQUITY**		**317,079**	**-**	**317,079**	**251,712**	**-**	**251,712**
14.1	Paid-in Capital	18.1	151,000	-	151,000	81,110	-	81,110
14.2	Capital Reserves	18.1	2,295	-	2,295	2,295	-	2,295
14.2.1	Share Premiums		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		2,295	-	2,295	2,295	-	2,295
14.3	Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		34,649	-	34,649	129	-	129
14.4	Accumulated Other Comprehensive Income that may be Reclassified Subsequently to Profit or Loss		-	-	-	-	-	-
14.5	Profit Reserves		44,242	-	44,242	44,242	-	44,242
14.5.1	Legal Reserves	18.3	41,289	-	41,289	41,289	-	41,289
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		-	-	-	-	-	-
14.5.4	Other Profit Reserves	18.3	2,953	-	2,953	2,953	-	2,953
14.6	Profit or Loss		84,893	-	84,893	123,936	-	123,936
14.6.1	Prior Periods Profit / Loss		50,877	-	50,877	92,244	-	92,244
14.6.2	Current Period Profit / Loss		34,016	-	34,016	31,692	-	31,692
	TOTAL LIABILITIES AND EQUITY		**1,721,283**	**1,368**	**1,722,651**	**1,080,599**	**33,286**	**1,113,885**

FİBA FAKTORİNG ANONİM ŞİRKETİ
Statement of Off Balance Items as at 31 December 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

	OFF BALANCE SHEET ITEMS	Notes	Audited 31 December 2021			Audited 31 December 2020		
			TL	FC	Total	TL	FC	Total
I.	**IRREVOCABLE FACTORING OPERATIONS**		**4,012**	**3,716**	**7,728**	**7,432**	**1,164**	**8,596**
II.	**REVOCABLE FACTORING OPERATIONS**		**385,496**	**71,879**	**457,375**	**471,577**	**29,588**	**501,165**
III.	**SAVING FINANCE AGREEMENTS TRANSACTIONS**		-	-	-	-	-	-
IV.	**GUARANTEES TAKEN**	**27.1**	**15,883,439**	**858,200**	**16,741,639**	**13,720,041**	**587,260**	**14,307,301**
V.	**GUARANTEES GIVEN**	**27.2**	**643,911**	-	**643,911**	**578,026**	-	**578,026**
VI.	**COMMITMENTS**		-	-	-	-	-	-
6.1	Irrevocable Commitments		-	-	-	-	-	-
6.2	Revocable Commitments		-	-	-	-	-	-
6.2.1	Lease Commitments		-	-	-	-	-	-
6.2.1.1	Finance Lease Commitments		-	-	-	-	-	-
6.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**27.3**	**98,396**	**131,929**	**230,325**	**64,678**	**58,011**	**122,689**
7.1	Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
7.1.1	Fair Value Hedges		-	-	-	-	-	-
7.1.2	Cash Flow Hedges		-	-	-	-	-	-
7.1.3	Net Investment Hedges From Abroad		-	-	-	-	-	-
7.2	Derivative Financial Instruments Held For Trading		98,396	131,929	230,325	64,678	58,011	122,689
7.2.1	Forward Buy/Sell Transactions		-	-	-	23,464	22,520	45,984
7.2.2	Swap Buy/Sell Transactions		98,396	131,929	230,325	41,214	35,491	76,705
7.2.3	Options Buy/Sell Transactions		-	-	-	-	-	-
7.2.4	Futures Buy/Sell Transactions		-	-	-	-	-	-
7.2.5	Other		-	-	-	-	-	-
VIII.	**ITEMS HELD IN CUSTODY**	**27.4**	**1,258,776**	**185,756**	**1,444,532**	**878,775**	**120,219**	**998,994**
	TOTAL OFF BALANCE SHEET ITEMS		**18,274,030**	**1,251,480**	**19,525,510**	**15,720,529**	**796,242**	**16,516,771**

FİBA FAKTORİNG ANONİM ŞİRKETİ

Statement of Profit and Loss for the Year Ended 31 December 2021

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

	GELİR VE GİDER KALEMLERİ	Notes	Audited 1 Ocak - 31 December 2021	Audited 1 Ocak - 31 December 2020
I.	**OPERATING INCOME**		**266,528**	**153,696**
	FACTORING INCOME	**19**	**266,528**	**153,696**
1.1	Interest Income on Factoring Receivables		251,408	144,254
1.1.1	Discounted		195,476	106,954
1.1.2	Other		55,932	37,300
1.2	Fees and Commissions Income from Factoring Operations		15,120	9,442
1.2.1	Discounted		1,499	1,624
1.2.2	Other		13,621	7,818
	FINANCING LOANS INCOME		-	-
1.3	Interest income From Financing Credits		-	-
1.4	Fees and Commissions From Financing Credits		-	-
	FINANCE LEASE INCOME		-	-
1.5	Finance Lease Income		-	-
1.6	Operating Lease Income		-	-
1.7	Fees and Commissions Received from the Leasing Transactions		-	-
	SAVING FINANCE INCOME		-	-
1.8	Dividends Received from Savings Financing Receivables		-	-
1.9	Fees and Commissions Received from Savings Financing Activities		-	-
II.	**FINANCIAL EXPENSES (-)**	**20**	**(180,491)**	**(91,574)**
2.1	Dividends Given to the Savings Fund Pool		-	-
2.2	Interest Expense From Funds Borrowed		(146,249)	(87,188)
2.3	Interest Expense From Factoring Payables		-	-
2.4	Interest Expense of Finance Lease Expenses		(414)	(203)
2.5	Interest Expense From Securities Issued		(26,735)	-
2.6	Other Interest Expenses		-	-
2.7	Fees and Commissions Paid		(7,093)	(4,183)
III.	**GROSS PROFIT / LOSS (I+II)**		**86,037**	**62,122**
IV.	**OPERATING EXPENSES (-)**	**21**	**(46,114)**	**(29,985)**
4.1	Personnel Expenses		(34,016)	(22,210)
4.2	Employee Severance Indemnity Expense		(1,535)	(619)
4.3	Research and Development Expenses		-	-
4.4	General Administrative Expenses		(10,563)	(7,156)
4.5	Other		-	-
V.	**GROSS OPERATING PROFIT / LOSS (III+IV)**		**39,923**	**32,137**
VI.	**OTHER OPERATING INCOME**	**22**	**85,019**	**34,835**
6.1	Interest Income From Bank Deposits		9,840	4,052
6.2	Interest Income From Securities Portfolio		-	-
6.3	Dividend Income		1	-
6.4	Trading Account Income		-	-
6.5	Income From Derivative Financial Instruments		9,205	10,704
6.6	Foreign Exchange Gains		61,533	14,178
6.7	Other		4,440	5,901
VII.	**PROVISION EXPENSES**	**23**	**(11,718)**	**(4,350)**
7.1	Spesific Provisions		(11,718)	(4,350)
7.2	Allowances for Expected Credit Loss		-	-
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	**OTHER OPERATING EXPENSES (-)**	**24**	**(67,068)**	**(21,767)**
8.1	Impairment Losses From Securities Portfolio		-	-
8.2	Impairment Losses From Non-Current Assets		-	-
8.3	Trading Account Loss		-	-
8.4	Loss From Derivative Financial Instruments		(42,272)	(523)
8.5	Foreign Exchange Loss		(5,835)	(9,772)
8.6	Other		(18,961)	(11,472)
IX.	**NET OPERATING PROFIT / LOSS**		**46,156**	**40,855**
X.	**INCOME RESULTED FROM MERGER**		-	-
XI.	**PROFIT / LOSS FROM PARTNERSHIPS VALUED BY EQUITY METHOD**		-	-
XII.	**GAIN/LOSS ON NET MONETARY POSITION**		-	-
XIII.	**PROFIT FROM CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)**		**46,156**	**40,855**
XIV.	**INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)**	**11**	**(12,140)**	**(9,163)**
14.1	Current Tax Charge		(20,794)	(7,982)
14.2	Deferred Tax Charge		-	(1,181)
14.3	Deferred Tax Benefit		8,654	-
XV.	**NET PROFIT FROM CONTINUING OPERATIONS (XIII±XIV)**		**34,016**	**31,692**
XVI.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-
16.1	Income from Assets Held for Sale		-	-
16.2	Gain on Sale of Subsidiaries, Associates and Jointly Controlled Entities		-	-
16.3	Other Income from Discontinued Operations		-	-
XVII.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		-	-
17.1	Expense on Assets Held for Sale		-	-
17.2	Loss on Sale of Subsidiaries, Associates and Jointly Controlled Entities		-	-
17.3	Other Expenses from Discontinued Operations		-	-
XVIII.	**PROFIT FROM DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII)**		-	-
XIX.	**INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS (±)**		-	-
19.1	Current Tax Charge		-	-
19.2	Deferred Tax Charge (+)		-	-
19.3	Deferred Tax Benefit (-)		-	-
XX.	**NET PROFIT FROM DISCONTINUED OPERATIONS (XVIII±XIX)**		-	-
XXI.	**NET PROFIT FOR THE PERIOD (XII+XVII)**		**34,016**	**31,692**
	Current Profit (Loss) Distribution		-	-

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

FİBA FAKTORİNG ANONİM ŞİRKETİ
Statement of Profit and Loss and Other Comprehensive Income
for the Year Ended 31 December 2021

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

		Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2021
I.	**PERIOD INCOME/LOSS**		**34,016**	**31,692**
II.	**OTHER COMPREHENSIVE INCOME**		**34,520**	-
2.1	**ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS**		**34,520**	-
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 revaluation of intangible assets		-	-
2.1.4	Other items that will not be reclassified to profit or loss		**36,337**	-
2.1.5	Taxation on comprehensive income that will not be reclassified to profit or loss		(1,817)	-
2.2	**ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS**		-	-
2.2.1	Translation differences for transactions in foreign currencies		-	-
2.2.2	Translition and classification profit / loss of financial assets at fair value through other comprehesive 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)**		**68,536**	**31,692**

FİBA FAKTORİNG ANONİM ŞİRKETİ

Statement of Changes in Shareholder's Equity for the Year Ended 31 December 2021

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

	CHANGES IN SHAREHOLDERS EQUITY	Notes	Paid in Capital	Capital Reserves	Share Premium	Other Capital Reserves	Other Accumulated Comprehensive Income and Expenses Not Be Reclassified Through Profit or Loss			Other Accumulated Comprehensive Income and Expenses Reclassified Through Profit or Loss			Profit Reserves	Prior Years' Profit/(Loss)	Current Year Net Profit/(Loss)	Total Shareholders' Equity
							1	2	3	4	5	6				
	Audited															
	Previous Year															
	(01/01/2020-31/12/2020)															
I.	**Balances at Beginning of Period**		**81,110**	-	-	**2,295**	-	**129**	-	-	-	-	**44,242**	**56,871**	**35,373**	**220,020**
II.	**Corrections made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**81,110**	-	-	**2,295**	-	**129**	-	-	-	-	**44,242**	**56,871**	**35,373**	**220,020**
IV.	**Total Comprehensive Income**		-	-	-	-	-	-	-	-	-	-	-	-	**31,692**	**31,692**
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Liabilities**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Others Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	-	**35,373**	**(35,373)**	-
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	35,373	(35,373)	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV+…..+X+XI)	**18**	**81,110**	-	-	**2,295**	-	**129**	-	-	-	-	**44,242**	**92,244**	**31,692**	**251,712**
	Audited															
	Current Year															
	(01/01/2021-31/12/2021)															
I.	**Balances at Beginning of Period**		**81,110**	-	-	**2,295**	-	**129**	-	-	-	-	**44,242**	**92,244**	**31,692**	**251,712**
II.	**Corrections made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**81,110**	-	-	**2,295**	-	**129**	-	-	-	-	**44,242**	**92,244**	**31,692**	**251,712**
IV.	**Total Comprehensive Income**		-	-	-	-	-	-	34,520	-	-	-	-	-	**68,536**	**68,536**
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Sources**		69,890	-	-	-	-	-	-	-	-	-	-	**(69,890)**	-	-
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Liabilities**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Others Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	-	**28,523**	**(31,692)**	**(3,169)**
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	(3,169)	-	(3,169)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	31,692	(31,692)	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV+…..+X+XI)	**18**	**151,000**	-	-	**2,295**	-	**129**	**34,520**	-	-	-	**44,242**	**50,877**	**68,536**	**317,079**

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

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

FİBA FAKTORİNG ANONİM ŞİRKETİ

Statement of Changes in Cash Flow for the Year Ended 31 December 2021

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

		Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.1	Operating profit before changes in operating assets and liabilities		102,655	35,019
1.1.1	Interest/Leasing income received		245,981	146,791
1.1.2	Interest/Leasing expenses		(160,792)	(89,955)
1.1.3	Dividends received		1	-
1.1.4	Interest/Leasing expenses		15,120	9,442
1.1.5	Fees and commissions received		-	-
1.1.6	Collections from previously written off receivables	7	3,703	5,547
1.1.7	Payments to personnel and service suppliers		(36,531)	(28,458)
1.1.8	Taxes paid	11	(11,698)	(7,150)
1.1.9	Other		46,871	(1,198)
1.2	Changes in operating assets and liabilities		(225,204)	(8,817)
1.2.1	Net (increase) decrease in factoring receivables		(438,363)	(15,303)
1.2.2	Net (increase) decrease in financial loans		-	-
1.2.3	Net (increase) decrease in receivables from leasing transactions		-	-
1.2.4	Net (increase) decrease in savings financing receivables		-	-
1.2.5	Net (increase) decrease in other assets		(33,672)	(546)
1.2.6	Net (increase) decrease in factoring payables		(481)	144
1.2.7	Net (increase) decrease in savings fund pool		-	-
1.2.8	Net (increase) decrease in payables from leasing transactions		-	-
1.2.9	Net increase (decrease) in funds borrowed		246,043	9,639
1.2.10	Net increase (decrease) in due payables		-	-
1.2.11	Net increase (decrease) in other liabilities		1,269	(2,751)
I.	Net cash provided from operating activities		(122,549)	26,202
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
2.1	Cash paid for purchase of joint ventures, associates and subsidiaries		-	-
2.2	Cash obtained from sale of joint ventures, associates and subsidiaries		-	-
2.3	Cash paid for purchase of financial assets available for sale	8	(65)	(113)
2.4	Cash obtained from sale of financial assets available for sale		-	-
2.5	Financial assets with fair value differences reflected in other comprehensive income		-	-
2.6	Financial assets discarded fair value difference reflected in other comprehensive income		303	-
2.7	Financial assets measured at amortized cost purchased		-	-
2.8	Financial assets measured at amortized cost sold		-	-
2.9	Other	9	(43)	(267)
II.	Net Cash Flow Arising From Investing Activities		195	(380)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
3.1	Cash obtained from funds borrowed and securities issued		666,644	-
3.2	Cash used for repayment of funds borrowed and securities issued		(446,260)	-
3.3	Capital increase		-	-
3.4	Dividends paid		(3,169)	-
3.5	Payments for finance leases		-	-
3.6	Other		-	-
III.	Net Cash Provided from Financing Activities		217,215	-
IV.	Effect of change in Foreign Exchange Rate on Cash and Cash Equivalents		9,986	3,094
V.	Net Increase in Cash and Cash Equivalents		104,847	28,916
VI.	Cash and Cash Equivalents at the Beginning of the Period	2.5 (o)	48,550	19,634
VII.	Cash and Cash Equivalents at the End of the Period	2.5 (o)	153,397	48,550

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

FİBA FAKTORİNG ANONİM ŞİRKETİ
Profit Distribution Table for the Year Ended 31 December 2021
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

		Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
I.	**DISTRIBUTION OF CURRENT YEAR PROFIT (*)**			
1.1	CURRENT PERIOD PROFIT		46,156	40,855
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)		12,140	9,163
1.2.1	Corporate tax (income tax)		20,794	7,982
1.2.2	Withholding tax		-	-
1.2.3	Other taxes and duties (**)		(8,654)	1,181
A.	**NET PROFIT FOR THE PERIOD (1.1-1.2)**		**34,016**	**31,692**
1.3	ACCUMULATED LOSSES (-)		-	-
1.4	FIRST LEGAL RESERVES (-)		-	-
1.5	OTHER STATUTORY RESERVES (-)		-	-
B.	**NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]**		**34,016**	**31,692**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)		-	**3,169**
1.6.1	To owners of ordinary shares		-	3,169
1.6.2	To owners of privileged shares		-	-
1.6.3	To owners of redeemed shares		-	-
1.6.4	To profit sharing bonds		-	-
1.6.5	To holders of profit and loss sharing certificates		-	-
1.7	DIVIDENDS TO PERSONNEL (-)		-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.9.1	To owners of ordinary shares		-	-
1.9.2	To owners of privileged shares		-	-
1.9.3	To owners of redeeemed shares		-	-
1.9.4	To profit sharing bonds		-	-
1.9.5	To holders of profit and loss sharing certificates		-	-
1.1	SECOND LEGAL RESERVE FUNDS (-)		-	-
1.11	STATUS RESERVES (-)		-	-
1.12	EXTRAORDINARY RESERVES		-	-
1.13	OTHER RESERVES		-	-
1.14	SPECIAL FUNDS		-	-
II.	**DISTRIBUTION OF RESERVES**		-	-
2.1	APPROPRIATED RESERVES		-	-
2.2	SECOND LEGAL RESERVES (-)		-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)		-	-
2.3.1	To owners of ordinary shares		-	-
2.3.2	To owners of privileged shares		-	-
2.3.3	To owners of redeemed shares		-	-
2.3.4	To profit sharing bonds		-	-
2.3.5	To holders of profit and loss sharing certificates		-	-
2.4	DIVIDENDS TO PERSONNEL (-)		-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)		-	-
III.	**EARNINGS PER SHARE**		-	-
3.1	TO OWNERS OF ORDINARY SHARES		-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)		-	-
3.3	TO OWNERS OF PRIVILEGED SHARES		-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)		-	-
IV.	**DIVIDEND PER SHARE**		-	-
4.1	TO OWNERS OF ORDINARY SHARES		-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3	TO OWNERS OF PRIVILEGED SHARES		-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)		-	-

(*) The decision regarding the profit distribution will be made at the General Assembly meeting.
(**) Deferred tax expense is shown in the other tax and legal liabilities line.
(***) As a result of the Extraordinary General Assembly meeting held on 7 July 2021, the profit amount kept in the 2020 profit account which of 3.169 thousand TL was distributed.

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

1 ORGANIZATION AND OPERATIONS OF THE COMPANY

The Company operates by the Capital Markets Law and "Financial Leasing, Factoring and Financing Companies Law" published in the Official Gazette dated 13 December 2012 and numbered 28496 and the "Regulation on Principles For Establishment And Operations Of Financial Leasing, Factoring, Financing and Savings Financing Companies" issued by the Banking Regulation and Supervision Agency ("BRSA") dated 24 April 2013 and numbered 28627 published in the Official Gazette.

Information about the Fiba Faktoring A.Ş.'s shareholders and respective shares are as follows:

	31 December 2021		31 December 2020	
(Full TL)	**Numbers of Shares**	**Shareholding (%)**	**Numbers of Shares**	**Shareholding (%)**
Fiba Holding A.Ş.	86,005,114	56.96	46,197,480	56.96
Fina Holding A.Ş.	64,994,886	43.04	34,912,025	43.04
Other	-	-	195	<1
	151,000,000	**100.00**	**81,109,700**	**100.00**

As of 31 December 2021, the number of employees are 78 (31 December 2020: 87).

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

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

Approval of Financial Statements:

The financial statements were approved by the Board of Directors on 28 February 2022. The General Assembly and/or related legal institutions have the authority to change the financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance

The Company prepares its financial statements by "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the communique on "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring, Financing and Saving Financing Companies and on Financial Statements to be announced to Public" published in the Official Gazette dated 24 December 2013 and numbered 28861 and the "Regulation on Principles For Establishment And Operations Of Financial Leasing, Factoring, Financing and Saving Financing Companies" and other regulations, communiqués, and circulars published by the BRSA and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not legislated by the aforementioned regulations (together "the BRSA Accounting and Financial Reporting Legislation"). TFRS includes Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS"), TAS comments, and, TFRS comments published by the POA. Financial statements are prepared based on historical cost, except for the revaluation of some financial instruments. In determining the historical cost, generally, the fair value of the amount paid for the assets is taken as the basis.

2.1.2 Functional and Reporting Currency

The Company's functional currency and reporting currency is the Turkish Lira (TL).

2.1.3 Going Concern

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

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

2.1 Basis of Presentation

2.1.4 Preparation of Financial Statements in Hyperinflationary Periods

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

According to the announcement made by POA on 20 January 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index ("CPI") is 74.41%, in the financial statements of the companies applying TFRS for 2021, It was stated that they would not need to make any adjustments within the scope of the Financial Reporting Standard TAS 29, in Inflationary Economies. For this reason, no inflation adjustment was made by TAS 29 while preparing the financial statements as of 31 December 2021.

2.1.5 Offsetting

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

2.2 Changes in Accounting Policies

Significant changes in accounting policies are applied retrospectively and the financial statements of the previous period are rearranged. The company applied its accounting policies consistent with the previous fiscal year. The accounting policies used in the preparation of the financial statements for the year ended on 31 December 2021, were applied consistently with the financial statements prepared as of 31 December 2020. Significant changes in accounting policies are applied retrospectively and the financial statements of the previous period are rearranged. There is no change in accounting policies in the current period.

2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to only one period, changes are applied in the current period but if changes in estimates relate to future periods, changes are applied both in the current and following periods prospectively. Material prior period errors are corrected retrospectively and prior period financial statements are restated. There is no significant change in the accounting estimates of the Company in the current period. Preparation of financial statements by Reporting Standards requires the management to implement policies and to make decisions, estimates, and assumptions that affect the reported asset, liability, income, and expense amounts. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed constantly. The effect of a change in accounting estimates is recognized prospectively in the current and future periods. The main notes for the items including estimates are as follows:

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

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

2.4 New and Revised Accounting Standards Turkey

Changes published but not yet effective and not early applied as of 31 December 2021

Standards issued but not yet effective and not early adopted

Several new standards and amendments to existing standards are not effective at the reporting date and earlier application is permitted; however, the Company has not early adopted are as follows.

Reference to the Conceptual Framework (Amendments to TFRS 3)

In May 2020, IASB issued Reference to the Conceptual Framework, which made amendments to TFRS 3 Business Combinations.

The amendments updated TFRS 3 by replacing a reference to an old version of the Board's Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. Subsequently, TFRS 3 was issued by the POA to reflect these changes which were published on 27 July 2020.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted.

Property, Plant, and Equipment—Proceeds before Intended Use (Amendments to IAS 16)

In May 2020, IASB issued Property, Plant, and Equipment—Proceeds before Intended Use, which made amendments to TAS 16 Property, Plant, and Equipment. TMS 16 amendment was published on 27 July 2020 by the POA to reflect these changes.

The amendments improve transparency and consistency by clarifying the accounting requirements specifically, the amendments prohibit a company from deducting from the cost of property, plant, and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit or loss.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. These changes are retrospective; however, it applies only to items of property, plant, and equipment that have been brought to the location and condition required by management to operate in the conditions intended, at the beginning of the earliest period presented in the financial statements in which the changes are applied for the first implementation. The cumulative effect of applying the changes for the first time is recognized as an adjustment to the opening balance of retained earnings at the beginning of the earliest period presented or another appropriate component of equity.

Economically disadvantageous contracts- costs of fulfilling the contract (Amendment to IAS 37)

In May 2020, IASB published the amendment to IAS 37 Provisions, Contingent Liabilities, and Contingent Assets, "Economically disadvantageous contracts - costs of fulfilling the contract". IASB has published this amendment to IAS 37 to clarify whether the cost of fulfilling the contract includes both mandatory additional costs to be incurred and costs related to the distribution of other direct costs, to assess whether a contract is economically disadvantageous. Then, IAS 37 amendment was published on 27 July 2020 by the POA to reflect these changes.

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

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

Changes published but not yet effective and not early applied as of 31 December 2021 *(continued)*

Economically disadvantageous contracts- costs of fulfilling the contract (Amendment to IAS 37) *(continued)*

The amendments have determined what costs an entity may include in determining the cost of fulfilling a contract to evaluate whether a contract has been fulfilled.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. The cumulative effect of the initial application of the changes is recognized as an adjustment to the opening balance of retained earnings or another appropriate component of equity at the date of initial application. Comparative information is not rearranged.

Classification of Liabilities as Short Term or Long Term (Amendments to IAS 1)

The amendments regarding the "Short or Long Term Classification of Liabilities" published by IASB on 23 January 2020, to make the presentation in the statement of financial position regarding the short-term or long-term classification of liabilities according to IAS 1 more explanatory, and by the POA on 12 March 2020 which has been published with the title "Amendments Made in IAS 1 - Classification of Liabilities as Short-Term or Long-Term".

This amendment clarifies the additional explanations regarding the long-term classification of liabilities that the entity can postpone for at least twelve months and other matters related to the classification of liabilities.

Amendments to TAS 1 address the following:

a. Explicitly mention in the classification of liabilities that the entity's right to defer the liability must exist at the end of the reporting period.
b. Including that management's expectations and objectives of the entity's exercise of the right to defer the obligation do not affect the classification of the liability as long-term.
c. Disclosing how the entity's borrowing conditions will affect that classification.
d. Explanation of the requirements for the classification of liabilities that the entity may settle with its equity instruments.

The Company is required to apply these changes retrospectively from reporting periods beginning on or after 1 January 2022. However, early application is permitted. Finally, with the amendment published by the IASB on 15 July 2020, it was decided to postpone the effective date of the IAS 1 amendment until 1 January 2023, and the signified amendment was also published by the POA on 15 January 2021.

The implementation of this amendment in TAS 1 is not expected to have a significant impact on the Company's financial statements.

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

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

Deferred Tax on Assets and Liabilities Arising from a Single Transaction Amendments to TAS 12 Income Taxes

In May 2021, the "Deferred Tax on Assets and Liabilities Arising from a Single Transaction" amendment in TAS 12 Income Taxes was published by the IASB. The relevant amendments were also published on 27 August 2021 as the Amendments to TAS 12 by the POA.

These changes made in TAS 12 Income Taxes, certain transactions of companies, for example; It clarifies how it could account for deferred tax on provisions for leases and decommissioning (dismantling, reinstatement, restoration, etc.).

With the amendment, it is foreseen that the scope of the initial recognition exemption will not be applied to transactions whose equal and temporary differences are offset. As a result, companies will be required to recognize deferred tax assets and deferred tax liabilities for temporary differences and decommissioning provisions arising from the initial recognition of a lease.

The amendments clarify that the exemption does not apply to transactions such as lease and decommissioning obligations. These operations will produce equal and compensating temporary differences.

For leases and retirement liabilities, the relevant deferred tax assets and liabilities will need to be recognized from the beginning of the earliest comparatively presented period, and any cumulative effects will be recognized as an adjustment to prior period retained earnings or other equity components. If a company has previously accounted for deferred tax on leases and decommissioning obligations under the net approach, the impact on the transition will likely be limited to the separate presentation of the deferred tax asset and deferred tax liability.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2023 with earlier application permitted.

The implementation of this amendment in TAS 12 is not expected to have a significant impact on the Company's financial statements.

Definition of Accounting Estimates (Amendments to TAS 8)

These amendments, published by the IASB on February 12, 2021, introduce a new definition for accounting estimates: it is aimed to clarify that these are monetary amounts that cause measurement uncertainty in the financial statements. The POA also published the relevant amendments as the Amendments to TAS 8 on 11 August 2021.

The amendments also clarified the relationship between accounting policies and accounting estimates by stating that a company develops an accounting estimate to achieve the purpose set by an accounting policy.

Developing an accounting estimate includes:

- Choosing a measurement method (estimate or valuation method) – for example, an estimation technique used to measure the allowance for expected credit losses when applying TFRS 9 Financial Instruments
- Choosing the inputs to use when applying the selected measurement method - eg. Expected cash outflows to determine a provision for warranty obligations when applying TAS 37 Provisions, Contingent Liabilities, and Contingent Assets.

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

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

Definition of Accounting Estimates (Amendments to TAS 8) *(continued)*

The effects of changes in such inputs or valuation techniques are changes in accounting estimates. No change was made in the definition of accounting policies and remained the same.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2023 with earlier application permitted and will be applied prospectively to changes in accounting estimates and accounting policies that occur at the beginning of the first annual reporting period in which the Company applies these changes.

The implementation of this amendment in TAS 8 is not expected to have a significant impact on the Company financial statements.

Disclosure of Accounting Policies (TAS 1 Amendments)

On 12 February 2021, IASB published an update on IAS 1 Presentation of Financial Statements and IFRS Implementation Standard 2 Making Materiality Decisions to help companies make disclosures about accounting policies useful. Among these amendments, which related to IAS 1 was published by the POA as the Amendments to TMS 1 on 11 August 2021.

Basic changes in TMS 1 include:

- Requiring companies to disclose their accounting policies based on materiality rather than significant accounting policies;
- Clarifying that accounting policies for transactions, other events, or conditions that are below materiality are immaterial and therefore do not need to be disclosed; and
- Clarifying that not all accounting policies regarding transactions, other events, or conditions exceeding the materiality level are material to a company's financial statements.

The Company shall apply these amendments for annual periods beginning on or after 1 January 2023 with earlier application permitted.

The implementation of the changes in IAS 1 Presentation of Financial Statements is not expected to have a significant impact on the Company's financial statements.

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

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

Annual Improvements to TFRS Standards 2018–2020

Improvements to TFRS

''The Annual Improvements in TFRS / 2018-2020 Period" published by the POA on 27 July 2020 for the standards in force is presented below. These changes are effective from 1 January 2022, with early application permitted. The implementation of these changes in TFRS is not expected to have a significant impact on the Company financial statements.

TFRS 1 First-time Adoption of International Financial Reporting Standards

This amendment simplifies the application of TFRS 1 for a subsidiary that becomes a first-time adopter of TFRS Standards later than its parent – i.e. if a subsidiary adopts TFRS Standards later than its parent and applies TFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to TFRS Standards. This amendment will ease the transition to TFRS Standards for subsidiaries applying for this optional exemption by i) reducing undue costs, and ii) avoiding the need to maintain parallel sets of accounting records.

Financial Instruments TFRS 9

This amendment requires that fees be taken into account only to perform the '10% test' for derecognition of financial liabilities – in determining fees charged on a net amount fewer fees paid for those transactions – and those paid reciprocally between on behalf of the debtor and lender or clarifies that it includes fees received.

Changes that have entered into force

The changes that have entered into force for accounting periods beginning on or after 1 January 2021, are as follows:

1) Benchmark Interest Rate Reform – Phase 2 (TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts, and TFRS 16 Leases Amendments

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

2.5 Summary of Significant Accounting Policies

(a) Financial Instruments

(i) Financial Assets

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

1) Financial assets at fair value through profit or loss

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

2) Financial assets at fair value through other comprehensive income

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

(a) Financial Instruments *(continued)*

(i) Financial assets *(continued)*

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

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

3) Financial assets at amortized cost

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

(ii) Cash and cash equivalents

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

(iii) Factoring receivables

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

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

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

(a) Financial Instruments *(continued)*

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

With the decision of the BRSA dated 19 March 2020 and numbered 8950, the follow-up period for factoring receivables has been increased from 90 days to a minimum of 180 days, valid until 31 December 2020, with the BRSA's decision dated 17 June 2021 and numbered 9624, it continued until 30 September 2021.

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

Written off some receivables by loss of qualified

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

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

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

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

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

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

(a) Financial Instruments *(continued)*

Written off some receivables by loss of qualified (continued)

With the accounting policy of the company, the factoring receivables that are written off as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Factoring receivables of written off	49,190	-	-	-
	49,190	**-**	**-**	**-**

Previously, the follow-up rate was 6.04% which it has decreased to 2.82% after the written off.

(iv) Other assets and other liabilities

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

(v) Loans borrowed and securities issued

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

(vi) Derivative financial instruments

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

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

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

(b) Tangible assets and depreciation

(i) Tangible assets

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

(c) Intangible assets

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

(d) TFRS 16 Leasings

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

(d) TFRS 16 Leasings *(continued)*

Definition Leasing

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

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

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

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

As a Tenant

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

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

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

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

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

(d) TFRS 16 Leasings *(continued)*

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

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

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

(e) Investment properties

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

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

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

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

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

(f) Impairment of non-financial assets

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

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

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

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

(g) Capital increase

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

(h) Retirement pay provision

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

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

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

The principal assumption is that the maximum liability of employment termination benefits for each year of service will increase in line with inflation. As of 31 December 2021, the provision for retirement pay liability is TL 10,848.59 (full) that is effective as of 1 January 2022 since the maximum liability is revised semi-annually (31 December 2020: TL 7,638.96 (full) as of 1 January 2021).

(i) Provisions, contingent assets, and liabilities.

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

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

(j) Income and expense recognition

(i) Factoring income

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

(ii) Other operating income and expense

Other income and expenses are recognized on an accrual basis.

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

2.5 Summary of Significant Accounting Policies *(continued)*

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

(iii) Finance income and expenses

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

(k) Taxation on income

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

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

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

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

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

(l) Related parties

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

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

(m) Earnings per share

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

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

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

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

2.5 Summary of Significant Accounting Policies *(continued)*

(n) Events after the reporting period

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

(o) Statement of cash flow

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

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

As of 31 December 2021 and 31 December 2020, the cash and cash equivalents in the statement of cash flows are as follows:

	31 December 2021	31 December 2020
Cash on hand/Effective	3	-
Banks *(Note 3)*	183,015	48,553
Less:		
- Blocked deposits (Note 3)	(29,522)	-
- Interest income discount	(99)	(3)
Cash and cash equivalents in the statement of cash flow	**153,397**	**48,550**

(p) Reporting financial information according to operating segments

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

(r) The effect of changes in foreign exchange rates

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

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

	31 December 2021	31 December 2020
USD	12.9775	7.3405
EUR	14.6823	9.0079
GBP	17.4530	9.9438

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

3 CASH, CASH EQUIVALENTS, and CENTRAL BANK

As of 31 December 2021 and 31 December 2020, the details of banks are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
- Demand deposits	5,909	36,895	3,850	39,610
- Time deposits	140,214	-	5,093	-
Total	**146,123**	**36,895**	**8,943**	**39,610**

Time deposits consist of TL denominated bank balances with an average interest rate applied to time deposits amounting to TL 140,214 Thousand is 25.64% (31 December 2020: The average interest rate applied to time deposits amounting to TL 5,090 Thousand is 17.83%).

As of 31 December 2021, there are blocked deposits for loans used from Takasbank of USD 1,630 Thousand, EUR 570 Thousand. (31 December 2020: None).

As of 31 December 2021, the total amount of banks with an original maturity of fewer than three months and which are not blocked, excluding the income accruals which form a basis for cash flow statement, is TL 153,397 Thousand (31 December 2020: TL 48,550 Thousand).

Foreign currency risk and sensitivity analysis of the Company as of 31 December 2021 and 31 December 2020 have been disclosed in Note 28.

4 DERIVATIVE FINANCIAL ASSETS

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

As of 31 December 2021 and 31 December 2020, the details of held-for-trading derivative financial assets consisting of currency swap and forward purchase-sale agreements are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Derivative financial assets				
Currency swaps	-	-	4,199	-
Currency forwards	-	-	984	-
Total	**-**	**-**	**5,183**	**-**

5 DERIVATIVE FINANCIAL LIABILITIES

As of 31 December 2021 and 31 December 2020, the details of derivative financial liabilities consisting of currency swap and forward purchase-sale agreements are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Derivative financial liabilities				
Currency swaps	37,087	-	-	-
Currency forwards	-	-	-	-
Total	**37,087**	**-**	**-**	**-**

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

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

As of 31 December 2021 and 31 December 2020, the details of shares classified as financial assets at fair value through other comprehensive income are as follows:

	31 December 2021		31 December 2020	
	Registrated Value	**Share (%)**	**Registrated Value**	**Share (%)**
Credit Europe Group N.V. ("Credit Europe")	89,432	1.29	53,095	1.29
Fiba Alışveriş Mer. Gel. İnş. ve Paz. Tic. A.Ş.	-	-	728	-
Kapital Holding A.Ş.	-	-	10	-
Other	1	-	2	-
Total	**89,433**		**53,835**	

As of 31 December 2021 and 31 December 2020, the details of financial assets classified as financial assets at fair value through other comprehensive income are as follows:

	31 December 2021	31 December 2020
Stocks		
Unlisted	89,433	53,835
	89,433	**53,835**

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

	31 December 2021	31 December 2020
Value at the Beginning of the Period	53,835	53,835
No-par share	-	-
Purchases	-	-
Sales	(739)	-
Appraisal surplus	36,337	-
Correction for past years	-	-
Period End Value	**89,433**	**53,835**

(*) Credit Europe Group N.V. ("Credit Europe") share is recognized in other comprehensive income at its fair value, taking into account 5-year discounted cash flows.

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

7 FINANCIAL ASSETS AT AMORTIZED COST (Net)

7.1 Factoring Receivables and Payables

As of 31 December 2021 and 31 December 2020 the details of factoring receivables are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Discounted factoring receivables	1,066,432	42,982	738,382	29,036
Other factoring receiavables	230,494	54,142	196,247	11,181
Factoring receivables, net	**1,296,926**	**97,124**	**934,629**	**40,217**

As of 31 December 2021, TL 57,994 Thousand of factoring receivables consist of factoring receivables with a maturity of more than one year. (31 December 2020: TL 19,117 Thousand).

The amount of the Company's factoring receivables overdue but not the impaired amount is TL 10 Thousand (31 December 2020: TL 106 Thousand) and their aging is as follows:

	31 December 2021	31 December 2020
Overdue 1 month	10	106
Overdue 1-3 months	-	-
Total	**10**	**106**

Factoring Payables

As of 31 December 2021 and 31 December 2020, details of short-term factoring payables are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Factoring payables	334	-	815	-
Total	**334**	**-**	**815**	**-**

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

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

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

7.2 Non-Performing Receivables

As of 31 December 2021 and 31 December 2020, details of the Company's non-performing factoring receivables are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Non-performing factoring receivables	40,407	-	74,999	-
Special provision	(27,539)	-	(74,999)	-
Non-performing loans, net	**12,868**	**-**	**-**	**-**

As of 31 December 2021 and 31 December 2020, aging and special provision distribution of non-performing factoring receivables are as follows:

	31 December 2021		31 December 2020	
	Total factoring receivables under follow up	**Provision**	**Total factoring receivables under follow up**	**Provision**
Not overdue	25,879	13,011	20,528	20,528
Overdue 1-3 months	805	805	1,751	1,751
Overdue 3-6 months	414	414	930	930
Overdue 6-12 months	2,578	2,578	1,611	1,611
Overdue over a year	10,731	10,731	50,179	50,179
Total	**40,407**	**27,539**	**74,999**	**74,999**

Movement of special provision during the period as follows:

	31 December 2021	**30 December 2020**
Balance, 1 January	74,999	76,196
Transferred to the asset management company (*)	(6,285)	-
Written off from assets	(49,190)	-
Provision allocated during the period *(Note 23)*	11,718	4,350
Provision released during the period *(Note 22)*	(3,703)	(5,547)
Balance, 31 December	**27,539**	**74,999**

(*) As of 31 December 2021, the Company has transferred its non-performing receivables portfolio with a zero net book value of 6,285 Thousand TL to Met-Ay Varlık Yönetim A.Ş. for 330 Thousand TL (31 December 2020: None).

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

8 TANGIBLE ASSETS

Movements of tangible assets for periods ended at 31 December 2021 and 31 December 2020 are as follows:

	Buildings	Furniture and fixtures	Vehicles	Leasehold improvements	Other tangible assets (*)	Right-of-use buildings	Right-of-use vehicles	Total
Cost								
Opening balance, 1 January 2020	2,762	1,371	332	1,588	1,531	986	2,942	11,512
Additions	28	85	-	-	-	-	161	274
Disposals	-	(1)	-	-	-	(29)	(66)	(96)
Closing balances, 31 December 2020	**2,790**	**1,455**	**332**	**1,588**	**1,531**	**957**	**3,037**	**11,690**
Opening balances, 1 January 2021	2,790	1,455	332	1,588	1,531	957	3,037	11,690
Additions	-	65	-	-	-	29	2,666	2,760
Disposals	-	-	-	-	-	-	-	-
Closing balance, 31 December 2021	**2,790**	**1,520**	**332**	**1,588**	**1,531**	**986**	**5,703**	**14,450**
Accumulated depreciation								
Opening balance, 1 January 2020	877	955	81	1,546	-	194	965	4,618
Current year depreciation expense	84	156	66	10	-	281	977	1,574
Disposals	-	(1)	-	-	-	-	(60)	(61)
Closing balance, 31 December 2020	**961**	**1,110**	**147**	**1,556**	**-**	**475**	**1,882**	**6,131**
Opening balance, 1 January 2021	961	1,110	147	1,556	-	475	1,882	6,131
Current year depreciation expense	69	122	66	9	-	310	1,245	1,821
Disposals	-	-	-	-	-	-	-	-
Closing balance, 31 December 2021	**1,030**	**1,232**	**213**	**1,565**	**-**	**785**	**3,127**	**7,952**
Net book value								
1 January 2020	1,885	416	251	42	1,531	792	1,977	6,894
31 December 2020	1,829	345	185	32	1,531	482	1,155	5,559
1 January 2021	1,829	345	185	32	1,531	482	1,155	5,559
31 December 2021	1,760	288	119	23	1,531	201	2,576	6,498

As of 31 December 2021, insurance coverage on tangible assets amount to TL 82,333 Thousand (31 December 2020: TL 55,749 Thousand), insurance premium amounts to TL 65 Thousand (31 December 2020: TL 68 Thousand). As of 31 December 2021, buildings with a net carrying value of TL 1,687 Thousand were purchased through financial leasing (31 December 2020: TL 1,738 Thousand). There is no lien on tangible assets such as pledges, mortgages, etc.

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

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

9 INTANGIBLE ASSETS

Movements of intangible assets for the period ended 31 December 2021 and 31 December 2020 are as follows:

	Computer software
Cost	
Opening balance, 1 January 2020	1,307
Additions	267
Closing balance, 31 December 2020	**1,574**
Opening balance, 1 January 2021	1,574
Additions	43
Closing balance, 31 December 2021	**1,617**
Accumulated amortization	
Opening balance, 1 January 2020	1,025
Current year amortization	224
Closing balance, 31 December 2020	**1,249**
Opening balance, 1 January 2021	1,249
Current year amortization	155
Closing balance, 31 December 2021	**1,404**
Net book value	
1 January 2020	282
31 December 2020	325
1 January 2021	325
31 December 2021	213

The Company has no intangible asset created within the entity.

10 INVESTMENT PROPERTY

The Company's investment property consists of land acquired for receivables. Investment properties consist of assets acquired for receivables. As of 31 December 2021, the fair value of investment properties is TL 53,545 Thousand (31 December 2020: TL 49,125 Thousand). The fair value is determined by an independent appraisal company and the fair value hierarchy level is 3.

Fair value measurements of investment property

As of 31 December 2021 and 31 December 2020, the fair value of the investment property has been determined by an independent valuation company. The valuation company is authorized by the Capital Markets Board (CMB) and provides real estate valuation services by the capital market legislation and has sufficient experience and qualifications in the fair value measurement of real estate in the relevant regions. The fair value of the land ownership has been determined according to the market comparative approach reflecting the current transaction prices for similar properties.

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

10 INVESTMENT PROPERTY *(continued)*

Fair value measurements of the investment property *(continued)*

	Carrying amount	Fair value level as of the reporting period		
	31 December 2021	**Level 1**	**Level 2**	**Level 3**
Investment property	16,444	-	-	53,545

	Carrying amount	Fair value level as of the reporting period		
	31 December 2020	**Level 1**	**Level 2**	**Level 3**
Investment property	16,444	-	-	49,125

No different valuation method was used in the current period.

11 TAX ASSETS AND LIABILITIES

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

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

In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible by the tax laws to the commercial income of the corporations by deducting the exemptions in the tax laws was applied as 20% after 1 January 2021. However, with Provisional Article 13 added to the Corporate Tax Law no. 6698, The rate is set to be 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. The change is valid for the taxation of corporate earnings for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021. Since the tax rate change came into effect as of 22 April 2021, the tax rate was used as 25% in the calculations of the period tax in the financial statements dated 31 December 2021. Within the scope of the new amendment, deferred tax assets and liabilities in the financial statements dated 31 December 2021 are calculated at the rates of 23% and 20%, respectively, for the portions of temporary differences that will have tax effects in 2022 and the following periods.

In Turkey, provisional tax is calculated and accrued on a quarterly basis. At the stage of taxation of corporate earnings for 2021 as of the temporary tax periods, a provisional tax of 25% has been calculated on corporate earnings (2020: 22%). With the Law amendment, this rate has been determined as 25% for 2021 and 23% for 2022.

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

11 TAX ASSETS AND LIABILITIES *(continued)*

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 April and 25 April of the following year (between 1st and 25th of the following 4 months of the tax year for the tax responsible who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years

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

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

Income Withholding Tax:

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

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

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

11 TAX ASSETS AND LIABILITIES *(continued)*

For the periods ended 31 December 2021 and 31 December 2020, the income tax provision in the statement of profit or loss is different from the amounts calculated by applying the statutory tax rate before tax as stated below:

	31 December 2021	31 December 2020
Reported profit before taxation	46,156	40,855
Calculated tax on reported profit (25% - 22%)	(11,539)	(8,988)
Non-deductible expenses (*)	(220)	(232)
Deferred tax rate differences (23% - 20%)(**)	(381)	57
Tax charge	**(12,140)**	**(9,163)**

(*) Non-deductible expenses include donations, aid, special communication tax, etc.
(**) The deferred tax rate difference for the accounting period ending on 31 December 2020 is (22% - 20%).

As of 31 December 2021 and 31 December 2020, the corporate tax payable and prepaid taxes are as follows:

	31 December 2021	31 December 2020
Provision for corporate tax	20,794	7,982
Advance tax rate during the period	(11,279)	(7,150)
Total	**9,515**	**832**
Witholding amount paid	(487)	(413)
Corporate Tax Payable	**9,028**	**419**

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

	1 January - 31 December 2021	1 January - 31 December 2020
Current tax expense	(20,794)	(7,982)
Deferred tax income / (expense)	8,654	(1,181)
Total	**(12,140)**	**(9,163)**

The Company calculates deferred income tax assets and liabilities considering the effects of temporary differences arising from different assessments between the Reporting Standards and the Tax Procedural Code in the balance sheet items. The tax rate used in the calculation of deferred tax assets and liabilities is 25% for 2021, 23% for 2022, and after years of 2022 percentage is 20% (31 December 2020: 20%).

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

11 TAX ASSETS AND LIABILITIES *(continued)*

As of 31 December 2021 and 31 December 2020, details of temporary differences and deferred tax assets and liabilities prepared by the applicable tax rates are as follows:

	Temporary differences		**Deferred tax assets/(liabilities)**	
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
Provision for factoring receivables	2,769	15,477	554	3,095
Derivative financial instruments	37,087	-	8,530	-
Impairment of FVOCI	2,297	2,297	459	459
Provision for severence pay	4,803	3,268	961	654
Provision for unused vacation	1,697	1,170	390	234
Commission discounts	821	96	189	19
Valuation differences of TFRS 16	5,983	4,153	1,376	831
Other employee benefits provision	5,000	-	1,250	-
Deferred tax assets	**60,457**	**26,461**	**13,709**	**5,292**
Derivative financial instruments	-	5,183	-	1,037
Accruals on borrowings	508	298	117	60
Temporary differences on tangible and intangible assets	158	172	32	34
Securities issue differences	569	-	131	-
TFRS 16 lease expense	5,311	3,033	1,220	606
Changes of fair values in financial assets	9,084	-	1,817	-
Deferred tax liabilities	**15,630**	**8,686**	**3,317**	**1,737**
Deferred tax asset, net	**44,827**	**17,775**	**10,392**	**3,555**

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

	Temporary Difference	**Deferred tax assets (liabilities)**
Balance, 1 January	3,555	4,736
Recognized in profit or loss	8,654	(1,181)
Recognized in equity	(1,817)	-
Balance, 31 December	**10,392**	**3,555**

As of 31 December 2021 and 31 December 2020, the Company has no deductible financial loss.

All of the changes occurred in deferred tax assets and liabilities for the accounting periods ended 31 December 2021 and 31 December 2020, recognized in the statement of profit or loss and there is no deferred tax asset or liability that has not been recognized as of 31 December 2021 and 31 December 2020.

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

12 OTHER ASSETS

As of 31 December 2021 and 31 December 2020, details of other assets are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Receivables from BITT accruals	6,572	78	3,639	18
Prepaid expenses	2,068	-	1,036	-
Advances and guarantees given	506	-	452	-
Other	511	-	440	-
Total	**9,657**	**78**	**5,567**	**18**

13 FUNDS BORROWED

As of 31 December 2021 and 31 December 2020, details of funds borrowed are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Funds borrowed	1,114,081	-	819,812	31,547
Total	**1,114,081**	**-**	**819,812**	**31,547**

	31 December 2021				31 December 2020			
			TL amount				TL amount	
	Original Amount	Interest Rate (%) (*)	Up to 1 year	1 year and Over	Original Amount	Interest Rate (%) (*)	Up to 1 year	1 year and Over
TL	1,114,081	16.20-30.45	1,114,081	-	819,812	9.00-21.00	819,812	-
EUR	-	-	-	-	3,502	5.62	31,547	-
Total			**1,114,081**	-			**851,359**	-

(*) These rates refer to the interest rate range of fixed-rate loans borrowed as of 31 December 2021 and 31 December 2020.

As of 31 December 2021, a guarantee was given to Fiba Holding A.Ş. for loans amounting to TL 410.000 Thousand (31 December 2020: guarantee given to Fiba Holding A.Ş. for loans amounting to TL 283.000 Thousand and EUR 3.500 Thousand).

14 LEASE OBLIGATIONS

As of 31 December 2021, details of lease obligation are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Nominal	2,848	1,207	551	1,685
Cost	(504)	(23)	(77)	(56)
Total	**2,344**	**1,184**	**474**	**1,629**

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

15 SECURITIES ISSUED

The details of securities issued as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Issued financial bonds	230,000	-	-	-
Difference of issue	(6,596)	-	-	-
Toplam	**223,404**	**-**	**-**	**-**

On 2 December 2021, the Company issued 91-day discounted financial bonds with a nominal amount of TL 230,000 Thousand.

31 December 2021	Currency	Maturity	Type of Interest	Rate of Interest (*)	Nominal Amount	Recorded Value
TRFFBFK32210	TL	03 March 2022	Fixed	17.50%	230,000	223,404
Total						**223,404**

(*) Annual nominal interest rate.

16 PROVISIONS

As of 31 December 2021 and 31 December 2020 details of provisions are as follows:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Provision for employee termination benefits	4,803	-	3,268	-
Provision for unused vacation	1,697	-	1,170	-
Provision for other employees	5,000	-	-	-
Provision for employee benefits	**11,500**	**-**	**4,438**	**-**

Provision for Employee Termination Benefits

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service, and reaches the retirement age (58 for women, 60 for men). After the amendment of the legislation on 23 May 2002, certain transitional provisions relating to the length of service before retirement was issued. The amount payable consists of one month's salary limited to a maximum of TL 10,848.59 (full) effective from 1 January 2022 as of 31 December 2021 (31 December 2020: TL 7,638.96 (full) effective from 1 January 2021)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2021, the provision is calculated by estimating the present value of future probable obligations of the Company arising from the retirement of the employees. The provisions at the respective balance sheet date are calculated by assuming an annual inflation rate of 15.20% and a discount rate of 19.93%.

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

16 PROVISIONS *(continued)*

The movement of employee termination benefits are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Balance, 1 January	3,268	2,650
Interest cots	134	109
Service cost	1,946	706
Payments	(545)	(197)
Balance, 31 December	**4,803**	**3,268**

Provision for Unused Vacations

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

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

	1 January- 31 December 2021	1 January- 31 December 2020
Balance, 1 January	1,170	1,106
Acrrual/(reversal) during the period	527	64
Balance, 31 December	**1,697**	**1,170**

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

17 OTHER LIABILITIES

As of 31 December 2021 and 31 December 2020, details of other liabilities are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Tax payables	3,663	-	2,054	-
Payables to suppliers	1,349	148	232	95
Prepaid commissions	817	5	84	12
Payables to personnel	-	-	8	-
Other	110	31	138	3
Total	**5,939**	**184**	**2,516**	**110**

18 SHAREHOLDER'S EQUITY

18.1 Paid-in Capital

As of 31 December 2021, the share capital of the Company is TL 151,000 Thousand (31 December 2020: TL 81,110 Thousand). As of 31 December 2021, the issued capital of the Company comprises 151,000,000 (31 December 2020: 81,109,700 shares) unprivileged shares with an each nominal value of 1 TL (accurate).

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

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

18.2 Capital Reserves

As of 31 December 2021, capital reserves amounting to TL 2,295 Thousand include inflation adjustment differences regarding the Company paid-in capital (31 December 2020: TL 2,295 Thousand).

18.3 Profit Reserves

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

As of 31 December 2021, the Company profit reserves amounting to TL 41,289 Thousand (31 December 2020: TL 41,289 Thousand) consist of first and second legal reserves and exemptions of gains on the sale of equity investments amounting to TL 2,953 Thousand (31 December 2020: TL 2,953 Thousand).

18.4 Accumulated Losses

At the Ordinary General Assembly Meeting of the Company held on 18 March 2021, it was decided to transfer the trade balance profit of 2020, TL 31,692 Thousand, to the previous years' profits account.

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

As of 31 December 2021, the Company has no previous years losses (31 December 2020: None).

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

18 SHAREHOLDER'S EQUITY *(continued)*

18.5 Profit Distribution

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

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

With the Extraordinary General Assembly decision dated 7 July 2021, the company decided to distribute TL 3,169,000 of its 2020 profit to the shareholders as dividend and the dividend payment was made on 16 July 2021.

19 OPERATING INCOME

As of 31 December 2021 and 31 December 2020, details of operating income are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2021**
Interest received from factoring receivables	251,408	144,254
Fees and comissions received from factoring receivables, (net)	15,120	9,442
- Commission income	15,285	9,479
- Commission expense	(165)	(37)
Total	**266,528**	**153,696**

20 FINANCE EXPENSES

As of 31 December 2021 and 31 December 2020, details of finance expenses are as follows:

	31.12.2021	**31.12.2020**
Interest on borrowings	146,249	87,188
Interest on securities issued	26,735	-
Dees and commissions given	7,093	4,183
Interest on lease transcations	414	203
Total	**180,491**	**91,574**

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

21 OPERATING EXPENSES

As of 31 December 2021 and 31 December 2020, details of operating expenses are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Personnel expenses	34,016	22,210
Litigation expenses	2,757	436
Office expenses	1,996	1,711
Depreciation and amortization expenses (Note 8,9)	1,976	1,798
Provision for employement termination benefits (Note 16)	1,535	618
Consulting expenses	1,182	1,012
Travel, vehicle rent and other transportation expenses	550	612
Taxes, duties and funds	504	500
Communication expenses	435	379
Information technology maintanence and contract expenses	357	111
Insurance expenses	264	186
Advertising expenses	45	24
Notery expenses	24	12
Other	473	376
Total	**46,114**	**29,985**

As of 31 December 2021 and 31 December 2020, details of personnel expenses are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Salary and wages	18,999	16,455
Premiums	3,972	1,383
Social security employer share	2,979	2,629
Compensation paid and other employee rights	690	213
Personnel meal expenses	689	633
Health expenses	582	510
Unused vacation expenses (Note 16)	527	64
Other	5,578	323
Total	**34,016**	**22,210**

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

22 OTHER OPERATING INCOME

As of 31 December 2021 and 31 December 2020, details of operating incomes are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Foreign exchange transcations income	61,533	14,178
Interest from banks	9,840	4,052
Income from derivative financial transactions	9,205	10,704
Provision released for factoring receviables under follow-up *(Note 7)*	3,703	5,547
Dividend yield	1	-
Other	737	354
Total	**85,019**	**34,835**

23 PROVISIONS

As of 31 December 2021 and 31 December 2020, details of non-performing receivables are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Special provision expenses *(Note 7)*	11,718	4,350
Total	**11,718**	**4,350**

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

24 OTHER OPERATING EXPENSES

As of 31 December 2021 and 31 December 2020, details of other operating expenses are as follows:

	31.12.2021	**31.12.2020**
Derivative financial transactions loss	42,272	523
Donations	17,514	10,806
Foreign exchange losses	5,835	9,772
Bank expenses	850	449
Other	597	217
Total	**67,068**	**21,767**

25 EARNINGS PER SHARE

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

26 RELATED PARTY TRANSACTIONS

As of 31 December 2021 and 31 December 2020, details of receivables and payables due to related parties are as follows:

	31 December 2021		**31 December 2020**	
	TL	**FC**	**TL**	**FC**
Banks				
Fibabanka A.Ş.				
- Demand deposit	61	163	45	1,491
Total	**61**	**163**	**45**	**1,491**

	31 December 2021		**31 December 2020**	
	TL	**FC**	**TL**	**FC**
Financial assets at fair value through other comprehensive income				
-Stock				
Credit Europe Group N.V.	89,432	-	53,095	-
Fiba Alışveriş Mrk. Gel. İnş. Paz.	-	-	728	-
Total	**89,432**	**-**	**53,823**	**-**

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

26 RELATED PARTY TRANSACTIONS *(continued)*

As of 31 December 2021 and 31 December 2020, details of payables due to related parties are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Other assets				
Fina Holding A.Ş.	16	-	29	-
Total	**16**	**-**	**29**	**-**
Other liabilities				
Fiba Holding A.Ş.	935	-	56	-
Fina Holding A.Ş.	13	-	10	-
Total	**948**	**-**	**66**	**-**

As of 31 December 2021 and 31 December 2020, details of incomes and expenses arising from related parties are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Interest from banks		
Fibabanka -*Time deposit income*	34	15
Total	**34**	**15**
Other operating income		
Gelecek Varlık Yönetimi A.Ş. - *Other*	-	194
Total	**-**	**194**
General operating expenses		
Fiba Holding A.Ş.	163	162
Fibabanka A.Ş.	72	72
Fina Holding A.Ş.	40	60
Fiba Ticari Gayrimenkul Yatırımları A.Ş.	-	16
Total	**275**	**310**
Other operating expenses		
Anne Çocuk Eğitim Vakfı – Donations	1,522	700
Fiba Holding A.Ş. - *Other expenses*	904	-
Hüsnü Özyeğin Üniversitesi – *Donations*	900	-
Fibabanka - *Other expenses*	143	34
Fiba Emeklilik ve Hayat A.Ş. – *Other*	50	45
Total	**3,519**	**779**

As of 31 December 2021, loans amounting to TL 410,000 Thousand Fiba Holding A.Ş. (31 December 2020: There is Fiba Holding A.Ş. surety for loans amounting to TL 283,000 Thousand and loans amounting to EUR 3,500 Thousand).

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

The total amount of wages and similar benefits provided by the company to the board of directors and senior management for the fiscal period ending on 31 December 2021 is TL 3,818 thousand (31 December 2020: TL 1,792 Thousand)

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

27 CONTINGENT ASSET AND LIABILITIES

27.1 Guarantees Received

As of 31 December 2021 and 31 December 2020, guarantees received against the company's factoring receivables are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Factoring contract guarantees	12,909,047	663,188	10,970,737	364,424
Pledged securities	1,455,982	32,562	1,306,696	27,091
Other assets	997,032	162,450	1,046,730	164,217
Suretyships	410,000	-	283,000	31,528
Mortgages	82,575	-	82,575	-
Business pledge	17,690	-	17,690	-
Securities pledge	6,000	-	6,000	-
Vehicle pledge	5,113	-	6,613	-
Total	**15,883,439**	**858,200**	**13,720,041**	**587,260**

As of 31 December 2021, collateral bills amounting to TL 1,487,444 Thousand, security checks amounting to TL 1,100 Thousand (31 December 2020: collateral bills 1,333,787 Thousand TL) received from customers due to its field of activity are shown in pledged securities.

As of 31 December 2021, the bonds of the company which are kept to be returned to its customer due to its field of activity are TL 1,139,317 Thousand (31 December 2020: bonds are TL 1,210,947 Thousand).

27.2 Guarantees Given

As of 31 December 2021 and 31 December 2020, details of guarantees given consist of letters of guarantee given to the following institutions:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Takasbank	636,400	-	570,900	-
Courts	7,511	-	7,126	-
Total	**643,911**	**-**	**578,026**	**-**

27.3 Derivative Financial Instruments

Forward purchase-sales agreements

As of 31 December 2021 and 31 December 2020, details of forwarding purchase and sale agreements are as follows:

Forward purchase-sales agreements

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Forward purchase operations	-	-	23,464	-
Forward sell operations	-	-	-	22,520
Total	**-**	**-**	**23,464**	**22,520**

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

27 CONTINGENT ASSET AND LIABILITIES *(continued)*

27.3 Derivative Financial Instruments *(continued)*

Currency swap purchase-sale agreements

As of 31 December 2021 and 31 December 2020, details of swap purchase and sale agreements are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Currency swap purchase operations	98,396	-	41,214	-
Currency swap sell operations	-	131,929	-	35,491
Total	**98,396**	**131,929**	**41,214**	**35,491**

27.4 Safety Securities

As of 31 December 2021 and 31 December 2020, details of safety securities are as follows:

	31 December 2021		31 December 2020	
	TL	**FC**	**TL**	**FC**
Checks received for collection	1,135,955	131,504	803,995	82,921
Commercial bills for collection	122,821	54,252	74,780	37,298
Total	**1,258,776**	**185,756**	**878,775**	**120,219**

28 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

28.1 Financial Risk Management Objectives and Policies

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

Credit risk
Liquidity risk
Market risk

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

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

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

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

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

28.1.1 Credit risk

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

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

27.1.2 Liquidity risk

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

27.1.3 Market risk

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

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

(i) Foreign currency risk

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

(ii) Interest rate risk

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

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

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

28.2 Risk Management Disclosures

28.2.1 Interest rate risk

Interest rate sensitivity analysis

As of 31 December 2021 and 31 December 2020, the interest profile of the interest-sensitive financial instruments are as follows:

	Carrying value	
	31 December 2021	**31 December 2020**
Fixed rate		
Factoring receivables	1,198,815	808,749
Banks-time deposits	140,214	5,093
Factoring payables	(334)	(815)
Borrowings	(1,114,081)	(851,359)
Securities issued	(223,404)	-
Variable rate		
Factoring receivables	195,235	166,097

The interest rate sensitivity of the statement of profit or loss is the effect of the interest rate changes given in the below ratios, and of the financial assets and liabilities with variable interest rates that are not held for trading for the periods ended 31 December 2021 and 31 December 2020 on the net interest income. During this analysis, other variables, especially exchange rates, are assumed to be constant. The effects of changes in interest rates on the income statements and shareholders' equity in the ratios given below are shown without considering the tax effects of related gains and losses.

	Profit or loss statement		Equity (*)	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
31 December 2021				
Financial instruments with variable interest	1,952	(1,952)	1,952	(1,952)
	1,952	(1,952)	1,952	(1,952)
31 December 2020				
Financial instruments with variable interest	1,661	(1,661)	1,661	(1,661)
	1,661	(1,661)	1,661	(1,661)

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

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

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

28.2 Risk Management Disclosures *(continued)*

28.2.2 Credit risk

	Factoring receivables		Non-performing receivables		Other assets			
31 December 2021	**Related party**	**Other party**	**Related party**	**Other party**	**Related party**	**Other party (*)**	**Banks**	**Derivative financial assets held for trading**
Maximum credit risk exposed as of the end of the reporting period (A+B+C+D+E)	**-**	**1,394,050**	**-**	**12,868**	**-**	**511**	**183,015**	**-**
A. Net book value of financial assets that are not overdue or impaired	-	1,375,996	-	-	-	511	183,015	-
B. The book value of financial assets whose conditions have been renegotiated, otherwise deemed overdue or impaired	-	18,044	-	-	-	-	-	-
C. Assets that are overdue but not impaired	-	10	-	-	-	-	-	-
- Net book value	-	10	-	-	-	-	-	-
- Secured portion of net carrying value	-	10	-	-	-	-	-	-
D. Net book values of assets impaired	-	-	-	12,868	-	-	-	-
- Overdue (gross book value)	-	-	-	14,528	-	-	-	-
- Decrease in value (-)	-	-	-	(14,528)	-	-	-	-
-The part of the net value that is secured with collateral, etc.	-	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	25,879	-	-	-	-
- Decrease in value (-)	-	-	-	(13,011)	-	-	-	-
-The part of the net value that is secured with collateral, etc.	-	-	-	12,868	-	-	-	-
E. Elements involving off-balance sheet credit risk	-	-	-	-	-	-	-	-

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

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

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

28.2 Risk Management Disclosures *(continued)*

28.2.2 Credit risk (continued)

	Factoring receivables		Non-performing receivables		Other assets			
31 December 2020	**Related party**	**Other party**	**Related party**	**Other party**	**Related party**	**Other party (*)**	**Banks**	**Derivative financial assets held for trading**
Maximum credit risk exposed as of the end of the reporting period (A+B+C+D+E)	**-**	**974,846**	**-**	**-**	**-**	**440**	**48,553**	**5,183**
A. Net book value of financial assets that are not overdue or impaired	-	933,409	-	-	-	440	48,553	5,183
B. The book value of financial assets whose conditions have been renegotiated, otherwise deemed overdue or impaired	-	41,331	-	-	-	-	-	-
C. Assets that are overdue but not impaired	-	106	-	-	-	-	-	-
- Net book value	-	106	-	-	-	-	-	-
- Secured portion of net carrying value	-	106	-	-	-	-	-	-
D. Net book values of assets impaired	-	-	-	-	-	-	-	-
- Overdue (gross book value)	-	-	-	54,471	-	-	-	-
- Decrease in value (-)	-	-	-	(54,471)	-	-	-	-
-The part of the net value that is secured with collateral, etc.	-	-	-	-	-	-	-	-
- Undue (gross book value)	-	-	-	20,528	-	-	-	-
- Decrease in value (-)	-	-	-	(20,528)	-	-	-	-
-The part of the net value that is secured with collateral, etc.	-	-	-	-	-	-	-	-
E. Elements involving off-balance sheet credit risk	-	-	-	-	-	-	-	-

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

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

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

28.2 Risk Management Disclosures *(continued)*

28.2.3 Foreign currency risk

Foreign currency risk is a result of changes in the value of a financial instrument based on changes in foreign currencies. The Company has a foreign currency risk due to its foreign currency denominated payables. The foreign currencies mainly creating the risk are US Dollar and Euro. The financial statements are not affected by the fluctuations of foreign currencies against TL since the Company's financial statements are prepared in TL. As of 31 December 2021 and 31 December 2020, the Company's net short position is attributable to the following assets, liabilities, and derivative instruments denominated in foreign currencies:

	31 December 2021 (TL Amount)	31 December 2020 (TL Amount)
A. Assets in foreign currency	134,097	79,845
B. Liabilities in foreign currency	(1,368)	(33,702)
C. Derivative financial instruments	(131,929)	(58,011)
Net foreign currency position (A+B+C)	**800**	**(11,868)**

As of 31 December 2021 and 31 December 2020, the table below summarizes the Company's foreign currency position risk in detail. The carrying amounts of the assets and liabilities denominated in foreign currency and held by the Company are as follows according to their currency types:

31 December 2021	USD	EUR	Other	Total
Assets				
Banks	22,413	10,787	3,695	36,895
Factoring recceivables	56,907	40,217	-	97,124
Other assets	77	1	-	78
Total assets	**79,397**	**51,005**	**3,695**	**134,097**
Liabilities				
Other liabilities	1	1,367	-	1,368
Total liabilities	**1**	**1,367**	**-**	**1,368**
Net foreign currency position	**79,396**	**49,638**	**3,695**	**132,729**
Derivative financial instruments (net)	(51,911)	(80,018)	-	(131,929)
Net position	**27,485**	**(30,380)**	**3,695**	**800**

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

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

28.2 Risk Management Disclosures *(continued)*

28.2.3 Foreign currency risk (continued)

31 December 2020	USD	EUR	Other	Total
Assets				
Banks	5,431	33,822	357	39,610
Factoring recceivables(*)	13,807	25,710	700	40,217
Other assets	16	2	-	18
Total assets	**19,254**	**59,534**	**1,057**	**79,845**
Liabilities				
Borrowed credits	-	31,547	-	31,547
Factoring payables (*)	416	-	-	416
Other liabilities	6	1,731	2	1,739
Total liabilities	**422**	**33,278**	**2**	**33,702**
Net foreign currency position	**18,832**	**26,256**	**1,055**	**46,143**
Derivative financial instruments (net)	-	(58,011)	-	(58,011)
Net position	**18,832**	**(31,755)**	**1,055**	**(11,868)**

(*) Amount of TL 416 Thousand that is presented in the balance sheet are foreign currency indexed factoring debts are included.

As of 31 December 2021, the depreciation of TL by 10% against the following foreign currency will increase the pre-tax period profit by TL 81 Thousand (31 December 2020: decrease in TL 1.187 Thousand)

As of 31 December 2021 and 31 December 2020, this analysis is based on the assumption that all variables remain constant. If TL gains 10% against the relevant currencies, the effect will be the same amount but in the opposite direction.

31 December 2021	Profit/(Loss)	Equity (*)
USD	2,749	2,749
EUR	(3,038)	(3,038)
Other	370	370
Total	**81**	**81**

31 December 2020	Profit/(Loss)	Equity (*)
USD	1,883	1,883
EUR	(3,176)	(3,176)
Other	106	106
Total	**(1,187)**	**(1,187)**

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

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

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

28.2 Risk Management Disclosures *(continued)*

28.2.4 Liquidity risk

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

31 December 2021

Contractual Maturities	Carrying Amount	Total expected cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non derivative financial liabilities	**1,341,347**	**1,389,288**	**624,251**	**763,273**	**1,764**	**-**
Funds borrowed	1,114,081	1,154,901	393,339	761,562	-	-
Issued securities	223,404	230,000	230,000	-	-	-
Factoring payables	334	334	334	-	-	-
Lease payables	3,528	4,053	578	1,711	1,764	-

31 December 2020

Contractual Maturities	Carrying Amount	Total expected cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Non derivative financial liabilities	**854,277**	**874,403**	**632,712**	**240,780**	**911**	**-**
Funds borrowed	851,359	871,352	631,538	239,814	-	-
Factoring payables	815	815	815	-	-	-
Debts from rental transactions	2,103	2,236	359	966	911	-

	31 December 2021				
Derivative financial assets and liabilities	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Total**
Currency swap transactions					
Purchases	32,277	51,007	15,113	-	98,397
Sales	42,460	70,002	19,466	-	131,928
Forward exchange transactions					
Purchases	-	-	-	-	-
Sales	-	-	-	-	-
Total purchases	32,277	51,007	15,113	-	98,397
Total sales	42,460	70,002	19,466	-	131,928
Total	**74,737**	**121,009**	**34,579**	**-**	**230,325**

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

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

28.2 Risk Management Disclosures *(continued)*

28.2.4 Liquidity risk (continued)

	31 December 2020				
Derivative financial assets and liabilities	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-5 years**	**Total**
Currency swap transactions					
Purchases	10,121	-	31,093	-	41,214
Sales	9,458	-	26,033	-	35,491
Forward exchange transactions					
Purchases	23,464	-	-	-	23,464
Sales	22,520	-	-	-	22,520
Total purchases	33,585	-	31,093	-	64,678
Total sales	31,978	-	26,033	-	58,011
Total	**65,563**	**-**	**57,126**	**-**	**122,689**

Capital Management

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

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

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

As of 31 December 2021 and 31 December 2020, net debt to equity ratios are as follows:

	31 December 2021	**31 December 2020**
Total liabilities	1,405,572	862,173
Less: cash and cash equivalents	(183,018)	(48,553)
Net debt	1,222,554	813,620
Total equity	317,079	251,712
Net debt/equity	3.86	3.23

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

	31 December 2021	**31 December 2020**
Total assets	1,722,651	1,113,885
Total equities	317,079	251,712
Equity / Asset	18%	23%

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

29 FINANCIAL INSTRUMENTS

The fair value of financial instruments

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

	31 December 2021		31 December 2020	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets				
Banks	183,018	183,018	48,553	48,553
Financial assets FVTOCI	89,433	89,433	53,835	53,835
Factoring receivables	1,406,918	1,406,918	974,846	974,846
Derivative financial assets	-	-	5,183	5,183
Financial liabilities				
Funds received	1,114,081	1,111,867	851,359	848,647
Issued securities	223,404	223,404	-	-
Derivative financial liabilities	37,087	37,087	-	-
Factoring payables	334	334	815	815

Fair value level of financial assets

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

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

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

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

31 December 2021	Level 1	Level 2	Level 3	Total
FVOCI financial assets	-	-	89,433	89,433
Derivative financial assets	-	-	-	-
	-	**-**	**89,433**	**89,433**
Derivative financial liabilities	-	37,087	-	37,087
	-	**37,087**	**-**	**37,087**

31 December 2020	Level 1	Level 2	Level 3	Total
FVOCI financial assets	-	-	53,835	53,835
Derivative financial assets	-	5,183	-	5,183
	-	**5,183**	**53,835**	**59,018**

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

30 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR'S

The Company's explanation regarding the fees for the services rendered by independent audit firms, which is prepared by the POA under the Board Decision published in the Official Gazette on 30 March 2021, and the preparation principles of which are based on the letter of the POA dated 19 August 2021, are as follows:

	1 January - 31 December 2021	**1 January - 31 December 2020**
Independent audit fee for the reporting period	170	115
Fee for other assurance services	-	37
Total	**170**	**152**

31 EVENTS AFTER THE REPORTING PERIOD

The company issued bonds with a nominal value of TL 196,000 Thousand on 10 February 2022, and they are to be sold to qualified investors. The maturity start date for issued bonds is 11 February 2021 and the maturity date is 13 May 2022.