



GARANTİ FAKTORİNG A.Ş.

Financial Statements

As at and for the Period Ended

30 June 2024

With Independent Auditors' Review Report
(Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish)

GARANTİ FAKTORİNG A.Ş.

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AT 30 JUNE 2024

Presentation Currency : Thousands of Turkish Lira (TL)

	ASSETS	FootNotes	Reviewed 30 June 2024			Audited 31 December 2023		
			TL	FC	Total	TL	FC	Total
I.	CASH, CASH EQUIVALENTS AND BALANCES AT CENTRAL BANK	3	139.669	24.039	163.708	202.589	42.773	245.362
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	4	-	34	34	-	32	32
III.	DERIVATIVE FINANCIAL ASSETS		-	-	-	-	-	-
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)		-	-	-	-	-	-
V.	FINANCIAL ASSETS AT AMORTISED COST (Net)	5	9.571.347	1.247.651	10.818.998	9.831.859	1.632.079	11.463.938
5.1	Factoring Receivables	5.1	9.591.646	1.249.161	10.840.807	9.853.110	1.633.647	11.486.757
5.1.1	Discounted Factoring Receivables (Net)		6.936.024	80.343	7.016.367	6.568.761	352.508	6.921.269
5.1.2	Other Factoring Receivables		2.655.622	1.168.818	3.824.440	3.284.349	1.281.139	4.565.488
5.2	Savings Finance Receivables		-	-	-	-	-	-
5.2.1	From Savings Fund Pool		-	-	-	-	-	-
5.2.2	From Equity		-	-	-	-	-	-
5.3	Financial Loans		-	-	-	-	-	-
5.3.1	Consumer loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		-	-	-	-	-	-
5.4	Leasing Transactions (Net)		-	-	-	-	-	-
5.4.1	Finance lease receivables		-	-	-	-	-	-
5.4.2	Operating Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		-	-	-	-	-	-
5.5	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6	Non Performing Receivables	5.2	103.511	-	103.511	64.726	4.132	68.858
5.7	Allowance For Expected Credit Losses / Specific Provisions (-)	5.3	(123.810)	(1.510)	(125.320)	(85.977)	(5.700)	(91.677)
VI.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
6.1	Investments in Associates (Net)		-	-	-	-	-	-
6.2	Investments in Subsidiaries (Net)		-	-	-	-	-	-
6.3	Jointly Controlled Partnerships (JointVentures) (Net)		-	-	-	-	-	-
VII.	TANGIBLE ASSETS (Net)	6	3.526	-	3.526	4.634	-	4.634
VIII.	INTANGIBLE ASSETS AND GOODWILL (Net)	7	53.056	-	53.056	29.126	-	29.126
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSETS		-	-	-	-	-	-
XI.	DEFERRED TAX ASSET	8	26.698	-	26.698	21.808	-	21.808
XII.	OTHER ASSETS	9	71.716	173	71.889	57.297	964	58.261
	SUBTOTAL		9.866.012	1.271.897	11.137.909	10.147.313	1.675.848	11.823.161
XIII.	ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	11	-	11
13.1	Held for Sale		-	-	-	11	-	11
13.2	Non-Current Assets From Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		9.866.012	1.271.897	11.137.909	10.147.324	1.675.848	11.823.172

GARANTİ FAKTORİNG A.Ş.

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AT 30 JUNE 2024

Presentation Currency : Thousands of Turkish Lira (TL)

	LIABILITY AND EQUITY ITEMS	FootNotes	Reviewed			Audited		
			30 June 2024			31 December 2023		
			TL	FC	Total	TL	FC	Total
I.	LOANS RECEIVED	10	5.134.693	1.244.954	6.379.647	6.207.279	1.583.403	7.790.682
II.	FACTORING PAYABLES	5.1	4.158	13.514	17.672	3.369	56.238	59.607
III.	PAYABLES FROM SAVINGS FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES	11	3.905	-	3.905	5.055	-	5.055
V.	MARKETABLE SECURITIES (Net)	12	1.986.081	-	1.986.081	2.036.659	-	2.036.659
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
VIII.	PROVISIONS	13	99.405	17.084	116.489	119.015	15.929	134.944
8.1	Provision for Restructuring		-	-	-	-	-	-
8.2	Reserves For Employee Benefits	13.1	48.252	-	48.252	48.748	-	48.748
8.3	General Loan Loss Provisions		-	-	-	-	-	-
8.4	Other provisions	13.2	51.153	17.084	68.237	70.267	15.929	86.196
IX.	CURRENT TAX LIABILITIES	8	162.464	-	162.464	26.452	-	26.452
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	SUBORDINATED DEBT		-	-	-	-	-	-
XII.	OTHER LIABILITIES	14	43.080	1.432	44.512	34.743	948	35.691
	SUBTOTAL		7.433.786	1.276.984	8.710.770	8.432.572	1.656.518	10.089.090
XIII.	LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	EQUITY	15	2.427.139	-	2.427.139	1.734.082	-	1.734.082
14.1	Issued capital		397.500	-	397.500	79.500	-	79.500
14.2	Capital Reserves		-	-	-	-	-	-
14.2.1	Equity Share Premiums		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		-	-	-	-	-	-
14.3	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss		(8.440)	-	(8.440)	(8.440)	-	(8.440)
14.4	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		-	-	-	-	-	-
14.5	Profit Reserves		1.345.022	-	1.345.022	617.938	-	617.938
14.5.1	Legal Reserves		15.900	-	15.900	15.900	-	15.900
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		1.329.122	-	1.329.122	602.038	-	602.038
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		693.057	-	693.057	1.045.084	-	1.045.084
14.6.1	Prior Years' Profit or Loss		-	-	-	-	-	-
14.6.2	Current Period Net Profit Or Loss		693.057	-	693.057	1.045.084	-	1.045.084
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9.860.925	1.276.984	11.137.909	10.166.654	1.656.518	11.823.172

GARANTİ FAKTORİNG A.Ş.

OFF-BALANCE SHEET ITEMS AT 30 JUNE 2024

Presentation Currency : Thousands of Turkish Lira (TL)

OFF-BALANCE SHEET ITEMS	Foot Notes	Reviewed			Audited		
		30 June 2024			31 December 2023		
		TP	YP	Total	TP	YP	Total
I. IRREVOCABLE FACTORING TRANSACTIONS		5.042.514	1.631.344	6.673.858	3.556.983	1.545.352	5.102.335
II. REVOCABLE FACTORING TRANSACTIONS		4.438.426	81.201	4.519.627	3.490.750	97.185	3.587.935
III. SAVINGS FINANCE CONTRACTS TRANSACTIONS		-	-	-	-	-	-
IV. COLLATERALS RECEIVED	24.1	326.784	134.542.834	134.869.618	183.954	124.438.054	124.622.008
V. COLLATERALS GIVEN	24.2	4.604.058	-	4.604.058	3.359.108	-	3.359.108
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		-	-	-	-	-	-
7.1 Derivative Financial Instruments Held For Hedging		-	-	-	-	-	-
7.1.1 Fair Value Hedges		-	-	-	-	-	-
7.1.2 Cash Flow Hedges		-	-	-	-	-	-
7.1.3 Hedges of Net Investment in Foreign Operations		-	-	-	-	-	-
7.2 Derivative Financial Instruments Held For Trading		-	-	-	-	-	-
7.2.1 Forward Buy or Sell Transactions		-	-	-	-	-	-
7.2.2 Swap Purchases or Sales		-	-	-	-	-	-
7.2.3 Option Purchases or Sales		-	-	-	-	-	-
7.2.4 Futures Purchases or Sales		-	-	-	-	-	-
7.2.5 Other		-	-	-	-	-	-
VIII. ITEMS HELD IN CUSTODY	24.3	6.517.308	423.844	6.941.152	5.334.273	692.023	6.026.296
		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS		20.929.090	136.679.223	157.608.313	15.925.068	126.772.614	142.697.682

GARANTİ FAKTORİNG A.Ş.

STATEMENT OF PROFIT OR LOSS AT 30 JUNE 2024

Presentation Currency : Thousands of Turkish Lira (TL)

	Statement of Profit or Loss	Foot Notes	Reviewed 1 January 2024- 30 June 2024	Reviewed 1 January 2023- 30 June 2023	Reviewed 1 April 2024- 30 June 2024	Reviewed 1 April 2023- 30 June 2023
I.	OPERATING INCOME	16	2.805.813	1.629.512	1.466.181	1.026.779
	FACTORING INCOME		2.805.813	1.629.512	1.466.181	1.026.779
1.1	Factoring Interest Income		2.717.822	1.245.065	1.442.862	681.568
1.1.1	Discounted		1.898.399	685.403	1.027.451	378.114
1.1.2	Other		819.423	559.662	415.411	303.454
1.2	Factoring Fee and Commission Income		87.991	384.447	23.319	345.211
1.2.1	Discounted		66.779	246.067	18.529	222.921
1.2.2	Other		21.212	138.380	4.790	122.290
	INCOME FROM FINANCING LOANS		-	-	-	-
1.3	Interest Income From Financing Loans		-	-	-	-
1.4	Fee and Commission Income From Financing Loans		-	-	-	-
	LEASE INCOME		-	-	-	-
1.5	Finance Lease Income		-	-	-	-
1.6	Operational Lease Income		-	-	-	-
1.7	Fee and Commission Income From Lease Operations		-	-	-	-
	SAVINGS FINANCE INCOME		-	-	-	-
1.8	Profit Share on Savings Finance Receivables		-	-	-	-
1.9	Fees and Commissions Received From Savings Finance Operations		-	-	-	-
II.	FINANCE COST (-)	17	(1.718.877)	(859.410)	(875.975)	(516.744)
2.1	Profit Share Expense on Savings Fund Pool		-	-	-	-
2.2	Interest Expenses on Funds Borrowed		(1.165.862)	(778.918)	(608.088)	(480.794)
2.3	Interest Expenses On Factoring Payables		-	-	-	-
2.4	Lease Interest Expenses		(626)	(556)	(315)	(276)
2.5	Interest Expenses on Securities Issued		(525.405)	(30.081)	(255.297)	(5.050)
2.6	Other Interest Expense		(16)	(798)	(13)	(26)
2.7	Fees and Commissions Paid		(26.968)	(49.057)	(12.262)	(30.598)
III.	GROSS PROFIT (LOSS)		1.086.936	770.102	590.206	510.035
IV.	OPERATING EXPENSES (-)	18	(159.630)	(79.381)	(80.248)	(41.131)
4.1	Personnel Expenses		(110.320)	(53.699)	(54.426)	(27.465)
4.2	Provision Expense for Employment Termination Benefits		(3.604)	(2.964)	(2.163)	(1.236)
4.3	Research and development expense		-	-	-	-
4.4	General Operating Expenses		(45.706)	(22.718)	(23.659)	(12.430)
4.5	Other		-	-	-	-
V.	GROSS OPERATING PROFIT (LOSS)		927.306	690.721	509.958	468.904
VI.	OTHER OPERATING INCOME	19	225.290	151.613	127.141	105.006
6.1	Interest Income on Banks		68.575	66.910	50.054	54.669
6.2	Interest Income on Marketable Securities Portfolio		-	-	-	-
6.3	Dividend Income		-	-	-	-
6.4	Gains Arising from Capital Markets Transactions		-	-	-	-
6.5	Derivative Financial Transactions' Gains		-	-	(5.593)	-
6.6	Foreign Exchange Gains		68.015	43.676	35.555	36.761
6.7	Other		88.700	41.027	47.125	13.576
VII.	PROVISION EXPENSES		(72.262)	(46.392)	(2.565)	(6.909)
7.1	Specific Provisions		-	-	-	-
7.2	Allowances For Expected Credit Losses	20	(69.679)	(43.965)	(26.691)	(5.287)
7.3	General Loan Loss Provisions		-	-	-	-
7.4	Other		(2.583)	(2.427)	24.126	(1.622)
VIII.	OTHER OPERATING EXPENSES (-)	21	(99.131)	(166.580)	(53.642)	(161.628)
8.1	Impairment in Value of Securities		-	-	-	-
8.2	Impairment in Value of Non-Current Assets		-	-	-	-
8.3	Capital Market Transactions Losses		-	-	-	-
8.4	Loss Arising from Derivative Financial Transaction		(35.195)	(158.646)	(35.195)	(157.356)
8.5	Foreign Exchange Losses		(63.925)	(7.196)	(18.436)	(3.549)
8.6	Other		(11)	(738)	(11)	(723)
IX.	NET OPERATING PROFIT (LOSS)		981.203	629.362	580.892	405.373
X.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XI.	PROFIT (LOSS) FROM COMPANIES ACCOUNTED FOR USING EQUITY METHOD		-	-	-	-
XII.	NET MONETARY POSITION GAIN (LOSS)		-	-	-	-
XIII.	PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		981.203	629.362	580.892	405.373
XIV.	TAX PROVISION FOR CONTINUING OPERATIONS (+/-)	8	(288.146)	(148.323)	(166.828)	(92.271)
14.1	Current Tax Provision		(293.034)	(215.822)	(166.026)	(146.444)
14.2	Expense Effect of Deferred Tax		-	-	-	-
14.3	Income Effect of Deferred Tax		4.888	67.499	(802)	54.173
XV.	NET PERIOD PROFIT (LOSS) FROM CONTINUING OPERATIONS		693.057	481.039	414.064	313.102
XVI.	INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
16.1	Income on Assets Held for Sale		-	-	-	-
16.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-
16.3	Other Income on Discontinued Operations		-	-	-	-
XVII.	EXPENSES ON DISCONTINUED OPERATIONS (-)		-	-	-	-
17.1	Expense on Assets Held for Sale		-	-	-	-
17.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-
17.3	Other Expenses on Discontinued Operations		-	-	-	-
XVIII.	PROFIT (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAX		-	-	-	-
XIX.	TAX PROVISION FOR DISCONTINUED OPERATIONS (+/-)		-	-	-	-
19.1	Current Tax Provision		-	-	-	-
19.2	Expense Effect of Deferred Tax		-	-	-	-
19.3	Income Effect of Deferred Tax		-	-	-	-
XX.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS		-	-	-	-
XXI.	NET PROFIT OR LOSS FOR THE PERIOD		693.057	481.039	414.064	313.102
	Profit per Share from Continuing Operations	22	1,743540	1,210161	1,041670	0,787678

GARANTİ FAKTORİNG A.Ş.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AT 30 JUNE 2024

Presentation Currency : Thousands of Turkish Lira (TL)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Foot Notes	Reviewed 1 January 2024- 30 June 2024	Reviewed 1 January 2023- 30 June 2023	Reviewed 1 April 2024- 30 June 2024	Reviewed 1 April 2023- 30 June 2023
I.	CURRENT PERIOD PROFIT/LOSS		693.057	481.039	414.064	313.102
II.	OTHER COMPREHENSIVE INCOME		-	(17.274)	-	(17.274)
2.1	Other Comprehensive Income that will not be Reclassified to Profit or Loss		-	(261)	-	(261)
2.1.1	Gains (Losses) on Revaluation of Property, Plant and Equipment		-	-	-	-
2.1.2	Gains (Losses) on Revaluation of Intangible Assets		-	-	-	-
2.1.3	Gains (Losses) on Remeasurements of Defined Benefit Plans		-	(348)	-	(348)
2.1.4	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss		-	-	-	-
2.1.5	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		-	87	-	87
2.2	Other Comprehensive Income That Will Be Reclassified to Profit or Loss		-	(17.013)	-	(17.013)
2.2.1	Exchange Differences on Translation		-	-	-	-
	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income		-	-	-	-
2.2.2						
2.2.3	Income (Losses) from Cash Flow Hedges		-	-	-	-
2.2.4	Income (Losses) on Hedges of Net Investments in Foreign Operations		-	-	-	-
2.2.5	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss		-	(22.684)	-	(22.684)
2.2.6	Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss		-	5.671	-	5.671
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)		693.057	463.765	414.064	295.828

GARANTİ FAKTORİNG A.Ş.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31 DECEMBER 2023
Presentation Currency : Thousands of Turkish Lira (TL)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Foot Notes	Paid-in Capital	Reserves	Share Premium	Other Capital Reserves	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss			Profit Reserves	Prior Years' Profit/(Loss)	Current Period's Net Profit/Loss	Total Shareholders' Equity
						1	2	3	4	5	6				
Prior Period															
1 January - 30 June 2023															
Reviewed															
I.	Equity at beginning of period	16	79.500	-	-	-	(5.364)	-	-	-	-	267.196	-	350.742	692.074
II.	Increase or Decrease Required by TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect Of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect Of Changes In Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance		79.500	-	-	-	(5.364)	-	-	-	-	267.196	-	350.742	692.074
IV.	Total Comprehensive Income (Loss)		-	-	-	-	(261)	-	-	-	(17.013)	-	-	481.039	463.765
V.	Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase Through Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt		-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity		-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distributions		-	-	-	-	-	-	-	-	-	350.742	-	(350.742)	-
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers To Reserves		-	-	-	-	-	-	-	-	-	350.742	-	(350.742)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-
	Equity at end of period (30 June 2023) (III+IV+.....+X+XI)		79.500	-	-	-	(5.625)	-	-	-	(17.013)	617.938	-	481.039	1.155.839
Current Period															
1 January - 30 June 2024															
Reviewed															
I.	Equity at beginning of period	15	79.500	-	-	-	(8.440)	-	-	-	-	617.938	-	1.045.084	1.734.082
II.	Increase or Decrease Required by TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect Of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect Of Changes In Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance		79.500	-	-	-	(8.440)	-	-	-	-	617.938	-	1.045.084	1.734.082
IV.	Total Comprehensive Income (Loss)		-	-	-	-	-	-	-	-	-	-	-	693.057	693.057
V.	Cash Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase Through Internal Reserves		318.000	-	-	-	-	-	-	-	-	(318.000)	-	-	-
VII.	Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt		-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase (decrease) through other changes, equity		-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distributions		-	-	-	-	-	-	-	-	-	1.045.084	-	(1.045.084)	-
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers To Reserves		-	-	-	-	-	-	-	-	-	1.045.084	-	(1.045.084)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-
	Equity at end of period (30 June 2023) (III+IV+.....+X+XI)		397.500	-	-	-	(8.440)	-	-	-	-	1.345.022	-	693.057	2.427.139

1. Revaluation surplus on tangible and intangible assets
2. Defined Benefit Plans' Actuarial Gains/Losses
3. Other (Other comprehensive income and expenses from equity method investments not to be reclassified on profit/loss, and other accumulated comprehensive income and
4. Foreign exchange conversion differences
5. ncome/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI
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

GARANTİ FAKTORİNG A.Ş.
STATEMENT OF CASH FLOWS AT 30 JUNE 2024

Presentation Currency : Thousands of Turkish Lira (TL)

STATEMENT OF CASH FLOWS		Foot Notes	Reviewed 1 January - 31 June 2024	Reviewed 1 January - 31 June 2023
A.	CASH FLOWS FROM OPERATING ACTIVITIES			
1.1	Operating Profit/Loss Before Changes in Operating Assets and Liabilities		1.182.015	969.631
1.1.1	Interest Received / Profit Share Received / Lease Income		-	-
1.1.2	Interest Paid /Profit Share Paid / Lease Payments		2.757.248	1.174.439
1.1.3	Dividends received		(1.484.182)	(632.435)
1.1.4	Fees and Commissions Received		-	-
1.1.5	Other Gains		90.467	491.752
1.1.6	Collections from Previously Written Off Loans and Other Receivables		-	-
1.1.7	Cash Payments to Personnel and Service Suppliers		37.046	16.184
1.1.8	Taxes Paid	8	(124.992)	(68.175)
1.1.9	Other		(130.570)	(68.011)
			36.998	55.877
1.2	Changes in Operating Assets and Liabilities		-	-
1.2.1	Net (Increase) Decrease in Factoring Receivables		(1.033.547)	966.109
1.2.2	Net (Increase) Decrease in Financing Loans		-	-
1.2.3	Net (Increase) Decrease in Receivables From Leasing Transactions		-	-
1.2.4	Net (Increase) Decrease in Savings Finance Receivables		-	-
1.2.5	Net (Increase) Decrease in Other Assets		39.906	(38.147)
1.2.6	Net Increase (Decrease) in Factoring Payables		(41.935)	91.161
1.2.7	Net Increase (Decrease) in Savings Fund Pool		-	-
1.2.8	Net Increase (Decrease) in Lease Payables		-	-
1.2.9	Net Increase (Decrease) in Funds Borrowed		1.360	2.031
1.2.10	Net Increase (Decrease) in Matured Payables		(1.521.454)	3.002.314
1.2.11	Net Increase (Decrease) Other Liabilities		-	-
			(47.165)	(44.441)
I.	Cash flows from (used in) operating activities		-	-
			148.468	1.935.740
B.	CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
2.3	Tangible And Intangible Asset Purchases	6	-	(6)
2.4	Sale of Tangible Intangible Assets		-	-
2.5	Cash Paid for Purchase of Financial Assets At Fair Value Through Other Comprehensive Income		-	-
2.6	Cash Obtained from Sale of Financial Assets At Fair Value Through Other Comprehensive Income		-	-
2.7	Cash Paid for Purchase of Financial Assets At Amortised Cost		-	-
2.8	Cash Obtained from Sale of Financial Assets At Amortised Cost		-	-
2.9	Other	7	(28.899)	(9.785)
II.	Net cash flows from (used in) investing activities		-	-
			(28.899)	(9.791)
C.	CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
3.1	Cash Obtained from Loans and Securities Issued		-	-
3.2	Cash Outflow Arised From Loans and Securities Issued		3.033.918	456.956
3.3	Equity Instruments Issued		(3.181.591)	(931.516)
3.4	Dividends paid		-	-
3.5	Payments of lease liabilities		-	-
3.6	Other		(2.510)	(2.078)
III.	Net cash flows from (used in) financing activities		-	-
			(150.183)	(476.638)
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		2.824	21.746
V.	Net Increase (decrease) in cash and cash equivalents (I+II+III+IV)		(27.790)	1.471.057
VI.	Cash and Cash Equivalents at Beginning of the Period		76.026	46.738
VII.	Cash and Cash Equivalents at End of the Period (V+VI)	2.5	48.236	1.517.795

GARANTİ FAKTORİNG A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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

1 ORGANIZATION AND OPERATIONS OF THE COMPANY

Garanti Faktoring Hizmetleri A.Ş. was incorporated on 4 September 1990 in Turkey to provide factoring services to industrial and commercial firms. The commercial title of Aktif Finans Faktoring Hizmetleri A.Ş. was changed to Garanti Faktoring Hizmetleri A.Ş. with the approval of the General Assembly held on 27 March 2002. At the 2013 General Assembly Meeting of the company held on 17 April 2014 the commercial title of the Company was changed to Garanti Faktoring A.Ş. (“the Company”).

The Company offered its shares to public in 1993 with the authorization of the Capital Markets Board (“CMB”) and is quoted in Borsa İstanbul A.Ş. (“BİAŞ”).

The Company operates in accordance with 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 and Financing Companies” issued by the Banking Regulation and Supervision Agency (“BRSA”) dated 24 April 2013 and numbered 28627 published in the Official Gazette.

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

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

	30 June 2024	Shareholding (%)	31 December 2023	Shareholding (%)
Türkiye Garanti Bankası A.Ş.	325.328	81,84	65.066	81,84
Türkiye İhracat Kredi Bankası A.Ş.	38.865	9,78	7.773	9,78
Publicly Traded	33.307	8,38	6.661	8,38
Capital	397.500	100,00	79.500	100,00

The shareholding of T. Garanti Bankası A.Ş. as of 30 June 2024 is 55,40% and T. Garanti Bankası A.Ş. has obtained the remaining 26,44% shares from public shares via Borsa İstanbul (31 December 2023: 55,40% and 26,44%).

The Company has 119 employees as at 30 June 2024 (31 December 2023: 121). The Company is registered in Turkey and operates at the following address: Çamçeşme, Tersane Caddesi No: 15 Pendik / İstanbul

The Company provides factoring operations with 11 (eleven) branches in Turkey. Approval of Financial Statements:

The financial statements were approved and authorized for issue by the Board of Directors based on the Board of Directors decision dated 26 July 2024 and numbered 28. The General Assembly has the authority to change the financial statements.

GARANTİ FAKTORİNG A.Ş.
NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2024

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance

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

2.1.2 Functional Currency

Financial statements of the Company are presented in Turkish Lira (“TL”), which is the Company’s functional currency.

2.1.3 Preparation of Financial Statements in Hyperinflationary Periods

Entities whose functional currency is the currency of a hyperinflationary economy present their financial statements in terms of the measuring unit current at the end of the reporting period according to “TAS 29 Financial Reporting in Hyperinflation Economies”.

Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying Turkish Financial Reporting Standards (TFRSs) are required to present their financial statements by adjusting for the impact of inflation for the annual reporting period ending on or after 31 December 2023, in accordance with the accounting principles specified in TAS 29.

In the same announcement, it was stated that institutions or organizations authorized to regulate and supervise in their respective scope might determine different transition dates for the implementation of inflation accounting. In accordance with the Banking Regulation and Supervision Agency’s decision dated 5/12/2024 and numbered 11021, it was decided that banks and financial leasing, factoring, financing, savings financing and asset management companies would not apply inflation accounting in 2025.

Accordingly, “TAS 29 Financial Reporting Standard in Hyperinflationary Economies” was not applied in the Company’s attached financial statements dated 30 June 2024.

2.1.4 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to 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.

GARANTİ FAKTORİNG A.Ş.
NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2024

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.2 Changes in Accounting Policies

Changes in accounting policies are applied retrospectively and the prior period financial statements are restated accordingly.

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.

The management is required to apply accounting policies and make decisions, estimations and assumptions that affect the reported assets, liabilities, income and expenses, in order to prepare the financial statements in accordance with the BRSA Accounting and Reporting Legislation. 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 3 – Cash and Cash Equivalents and Central Bank

Note 4 – Financial assets at fair value through profit or loss (Net)

Note 5 – Factoring receivables, Non-performing Receivables

Note 6 – Tangible Assets

Note 7 – Intangible Assets

Note 8 – Tax Assets and Liabilities

Note 13 – Provisions

2.4 New and Revised Turkish Accounting Standards

The new standards, amendments and interpretations which are effective as at 30 June 2024 but not yet adopted are as follows

Standards issued but not yet effective and not early adopted

The accounting policies adopted in preparation of the consolidated financial statements as of June 30, 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2024 and thereafter. The effects of these standards and interpretations on the company financial position and performance have been disclosed in the related paragraphs.

GARANTİ FAKTORİNG A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

i) The new standards, amendments and interpretations which are effective as of January 1, 2024 are as follows:

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

In March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8.

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

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

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

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

GARANTİ FAKTORİNG A.Ş.
NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2024

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

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

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

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

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

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Company will wait until the final amendment to assess the impacts of the changes.

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Company will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA.

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

GARANTİ FAKTORİNG A.Ş.
NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2024

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

Amendments to TAS 21 - Lack of exchangeability

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

The Company expects no significant impact on its balance sheet and equity.

iii) The amendments which are effective immediately upon issuance

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

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments.

The Company disclosed the impact of the amendments on financial position or performance of the Company.

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

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

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

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

The Company expects no significant impact on its balance sheet and equity

GARANTİ FAKTORİNG A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

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

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

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

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

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

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

2.5 Summary of Significant Accounting Policies

(a) Revenue

Factoring service income is composed of collected interest income and commission income earned from advance payments made to customers.

A proportion of factoring invoice total obtained constitutes commission income. Interest and commission income and other income and expenses are accounted accrual basis.

Other interest income is accrued based on the effective interest rate which equals the estimated cash flows to net book value of the related asset.

(b) Financial Instruments

Classification and measurement

Classification and measurement of financial assets in accordance with TFRS 9 Financial Instruments standard is determined by whether the financial asset is based on the business model in which the financial asset is managed and whether it is based on contractual cash flows including interest payments on principal and principal balance.

TFRS 9 contains three principal classification categories for financial assets: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Company accounts for its financial assets in three classes. The classification is based on the characteristics of the contractual cash flows of the entity and the business model used by the entity for the management of the financial assets. The Company classifies its financial assets at the time of purchase.

GARANTİ FAKTORİNG A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Classification and measurement (continued)

“Financial assets measured at amortized cost” are financial assets held as part of a business model aimed at collecting contractual cash flows and that have cash flows that include interest payments solely on principal and principal balance at specific dates in contractual terms, are not traded in an active market. Financial assets at amortized cost of the Company also include “cash and cash equivalents”, “factoring receivables”.

Related assets are initially recognized at fair value in the financial statements; in subsequent accounting, measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated income statement.

“Financial assets at fair value through other comprehensive income” are financial assets held as part of a business model for the collection and settlement of contract cash flows and for which there are cash flows from interest payments arising principally only at principal and principal amounts under contractual terms. Interest income, foreign currency gains and losses and impairment losses calculated using the effective interest method are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income.

When financial assets are excluded from the statement of financial position, the total gains or losses that previously recognized in other comprehensive income are reclassified to profit or loss.

For investments in equity-based financial assets, the Company may inadvertently choose the method of reflecting subsequent changes in fair value to other comprehensive income during the first financial statement purchase. In the case of such a preference, the dividends from the related investments are recognized in the consolidated income statement.

Under TFRS 9, all investments in equity instruments and contracts on those instruments must be measured at fair value. However, in limited circumstances, cost value may be an appropriate estimate of fair value.

The Company uses the cost method as a method to determine the fair value in case there is not sufficient information about the fair value measurement or if the fair value can be measured with more than one method and the cost reflects the fair value estimation among these methods.

“Financial assets at fair value through profit or loss” are financial assets measured other than those at amortized cost and fair value through other comprehensive income. The resulting gains and losses from the valuation of such assets are recognized in the consolidated income statement.

Factoring Receivables and Other Receivables

Factoring receivables and other receivables are stated at fair value at initial recognition. Subsequent to initial recognition, all receivables except for factoring receivables are carried at amortized cost using the effective interest method. Interest income is calculated and accounted by using the effective interest rate method.

GARANTİ FAKTORİNG A.Ş.
NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2024

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Disclosures on impairment of financial assets

As at 1 January 2019, loss allowance for expected credit losses is set aside for factoring receivables measured at amortized cost based on TFRS 9 and the regulation published in the Official Gazette no. 30409 dated 2 May 2018 and effective from 31 December 2019 in connection with “Regulation on Making Amendments to the Regulation on Accounting Practices and Financial Statements of Leasing, Factoring and Financing Companies”.

At each reporting date, it shall be assessed whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, it shall be used the change in the risk of a default occurring for the financial instrument.

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, it shall be measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, it is measured loss allowance regarding such instrument at an amount equal to lifetime expected credit losses.

The expected credit loss is calculated on a collective basis by means of grouping the financial assets having common credit risk features or on an individual basis.

Calculation of expected credit losses

Expected credit losses is calculated based on a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due based on the contract and the cash flows that are expected to be received.

Probability of Default (PD): PD refers to the likelihood that a loan will default, which is usually set at 12 months, given certain characteristics:

- 12-month PD: as the estimated probability of default occurring within the next 12 months.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

Internal rating systems are used for commercial portfolios. The internal rating models used for the commercial portfolio include customer financial information and demographic information. Probability of default calculation has been carried out based on past information, current conditions and forward-looking macroeconomic parameters.

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

LGD calculations are performed using historical data which best reflects current conditions. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the “time value of money” calculated by means of deducting costs and additional losses from the present value of collections.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as of the reporting date.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Calculation of expected credit losses (continued)

With the exception of revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Stage 1: 12-month expected credit loss represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date and calculated as the portion of lifetime expected credit losses. 12-month expected credit loss is calculated based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

Stage 2: When there is a significant increase in credit risk since origination, lifetime expected credit losses is calculated. Including multiple scenario usage, probability of default and loss given default rates are estimated through the life of the instrument. Estimated cash shortfalls are discounted by using the original effective interest rate.

Stage 3: Lifetime expected credit losses are recognized for the impaired lease receivables. The methodology is similar to stage 2 and the probability of default is taken into account as 100%.

It is considered a debt as default on these two below conditions;

1. Objective Default Definition: It means debt having past due more than 90 days. Current definition of default in the Bank and its financial subsidiaries subject to consolidation is based on a more than 90 days past due definition. If a loan is exactly 90 days past due, it will not be considered as default. Default status starts on the 91st day.

2. Subjective Default Definition: It means it is considered that a debt is unlikely to be paid. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

In addition, a certain portion of commercial and corporate loans is assessed individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. Such calculations are made by discounting the expected cash flows from the individual financial instrument to its present value using the effective interest rate. When measuring expected credit losses, it shall be considered the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. Such assessment is made by reflecting the estimate of expected credit loss which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Forward-looking macroeconomic information

Forward-looking macroeconomic information is incorporated into credit risk parameters during assessment of significant increase in credit risk and expected credit loss calculation.

Significant increase in credit risk

Qualitative and quantitative assessments are performed regarding assessment of significant increase in credit risk.

Qualitative assessment:

It is classified the financial asset as Stage 2 (Significant Increase in Credit Risk) where any of the following conditions are satisfied as a result of a qualitative assessment.

- Loans overdue more than 30 days as of the reporting date,
- Loans classified as watchlist,
- When there is a change in the payment plan due to refinancing, restructuring or concession, the loan is not considered as default or written off and the change is not due to any commercial reason.

Quantitative assessment:

The quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date.

It is classified the related financial asset as stage 2 (Significant Increase in Credit Risk) where both of the following criteria are satisfied as a result of quantitative assessment.

Low credit risk

TFRS 9, the credit risk on a financial instrument is considered as low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

It is not considered financial instruments to have low credit risk when they are regarded as having a low risk of loss simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the other financial instruments or relative to the credit risk of the jurisdiction within which it is operated.

If it is determined that a financial instrument has a low credit risk as of the reporting date, it is assumed that the credit risk on the financial instrument has not increased significantly following its first recognition in the financial statements.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Explanations on write down policy

The Regulation on Accounting Practices and Financial Tables of Financial Leasing, Factoring and Financing Companies was published in the Official Gazette No. 30961 on November 27, 2019. With this regulation, it is possible to deduct the part of Factoring Receivables, which are classified as “Loss like Receivables” by financial institutions, for which there is no reasonable expectation of recovery by companies, and thus to be taken off the balance sheet.

The company makes an objective and subjective assessment while determining whether there are no reasonable expectations.

As explained in the accounting policies entitled Calculation of Expected Credit Loss, provisions for expected credit losses are made under TFRS 9 for the parts of Factoring receivables that are not expected to be collected.

Therefore, the portion of factoring receivables, which are deemed to have no reasonable expectation for the recovery of the loan by the unit responsible for the collection of the relevant receivables, and which are currently monitored in the uncollectable receivables category, up to the allocated provisions, may be subject to derecognition.

In addition, all factoring receivables that meet at least the following conditions are considered to be completely lost by the Company and can be deducted from the record based on the positive opinion of the relevant units:

In this context, the provision rates of the related receivables can be determined as 100% if the relevant units also have positive opinion.

- i. Being monitored as a receivable as a loss for at least 2 years,
- ii. The fact that no collection has been made in the last 6 months or the Company has gone bankrupt in the last 6 months, and there is no new collection capacity due to the assets at the bankruptcy estate,
- iii. Lack of a guarantee in kind,

As of 30 June 2024, the company does not have any factoring receivables that are written off. In line with the Company's relevant accounting policy, factoring receivables that are considered as losses written off as of December 31, 2023 are as follows:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Deregistration of Factoring Receivables	-	-	10.975	-
	-	-	10.975	-

While the follow-up rate was 0,69% before the list, it regressed to 0,60% after the registration.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

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

Financial Liabilities

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

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

Changes in fair values are accounted in the statement of profit or loss. Net gains or losses which are accounted in the statement of profit or loss include the interest paid for the financial liabilities.

(c) TFRS 16 Leases

The Company has started to apply TFRS 16 Leases standard (“TFRS 16”) starting from 1 January 2019. TFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

Definition of Leasing

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under TFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under TFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to TFRS 16, the Company elected to apply it as it used to be defined as a lease by using the practical expedient to the assessment of which transactions are leases. It applied TFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and TFRIC 4 were not reassessed. Therefore, the definition of a lease under TFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(c) TFRS 16 Leases (continued)

Definition of Leasing (continued)

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

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

As a lessee

The Company leases properties and vehicles. Under TFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Company has elected not to recognise to the financial statements right-of-use assets and lease liabilities for properties and vehicles leases with a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents lease liabilities in ‘Lease Liabilities (Net)’ in the statement of financial position.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company’s accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(d) Tangible Assets and Amortization

Tangible assets are carried at historical cost, less accumulated depreciation and accumulated impairment losses.

Tangible assets are depreciated principally on a straight-line basis considering the expected useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Expenses for the maintenance of tangible assets are normally recorded in profit and loss statement. Gain or loss arising on the disposal or retirement of an item of tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Tangible Asset Estimated useful lives (Year)

Furniture and fixtures 5-15

Leasehold improvements 5-10

(e) Intangible Assets

Intangible Fixed Assets Acquired

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

Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their useful lives.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible fixed assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Intangible Assets Estimated useful lives (Year)

Rights 5-15

Software 5

(f) Impairment of Assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets which were subject to impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Capital Increase

Capital increases by the existing shareholders are decided in the General Assembly Meetings and accounted for over the registered nominal values.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(h) Retirement Pay Provision

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan in accordance with the TAS 19 “Employee Benefits” (“TAS 19”).

Retirement pay provision of the employees is calculated by discounting the future retirement liability of the employees and presented in the financial statements. All actuarial gains and losses are accounted under the other comprehensive income.

(i) Provisions, Contingent Liabilities and Contingent Assets

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

(j) Borrowing Costs

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

(k) Effects of Changes in Exchange Rates

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates. The results and financial position of the Company is expressed in thousands of TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

The foreign currency exchange rates used by the Company as of 30 June 2024 and 31 December 2023 are as follows:

	<u>30 June 2024</u>	<u>31 December 2023</u>
USD	31,9430	29,0430
EUR	34,2300	32,1530
GBP	40,3750	36,9800

In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recorded at the prevailing exchange rates at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(l) Earnings per Share

In Turkey, companies can raise their share capital by distributing “Bonus Shares” to shareholders from retained earnings. In computing earnings per share, such “Bonus Share” distributions are treated as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

(m) Events after the reporting period

Events after the balance sheet date comprise any event between the balance sheet date and the date of authorization of the financial statements for publication, even if any event after the balance sheet date occurred subsequent to an announcement on the Company’s profit or following any financial information disclosed to public.

The Company adjusts the amounts recognized in its financial statements to reflect adjusting events after the balance sheet date if such subsequent events arise.

(n) Segment Reporting

No segmental information is disclosed as the Company operates in Turkey and provides only factoring services.

(o) Income Tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(o) Income Tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(p) Statement of Cash Flows

In the statement of cash flows, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows mainly generated from factoring operations of the Company.

Cash flows from investment activities express cash used in investment activities (capital expenditures and financial investments) and cash flows generated from investment activities of the Company.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

Cash and Cash Equivalents:

	30 June 2024	30 June 2023
Case / effective	2	1
Cash and cash equivalents (*)	38.196	238.796
Time deposit	125.796	1.354.847
Blocked Deposits	(115.758)	(75.849)
	48.236	1.517.795

(*)Expected credit loss amount TL 286 has not been presented as net (30 June 2023:2.745 TL).

(**)The interest income rediscount of 485 TL has not been taken into account.

(***)A cash collateral of 115.758 TL is kept for Takasbank Money Market transactions. (30 June 2023: TL 75.849).

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3 CASH, CASH EQUIVALENTS AND CENTRAL BANK

Details of cash and cash equivalents as of 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Cash and cash equivalents	13.958	24.240	13.718	43.244
Time deposits(*)	125.796	-	189.025	-
Expected credit losses	(85)	(201)	(154)	(471)
	139.669	24.039	202.589	42.773

(*) TL 115.758 is held as collateral for Takasbank Monetary Market transactions (31 December 2023: TL 169.961).

4 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (NET)

As of 30 June 2024 and 31 December 2023, financial assets measured at fair value through profit or loss consist of equity securities not listed on exchange.

	30 June 2024		31 December 2023			
	Carrying Value	% Share Rate	Carrying Value	% Share Rate		
	TP	FC	TP	FC		
Factors Chain International (FCI)	-	34	1,72	-	32	1,72
	-	34	-	32		

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5 FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)

5.1 Factoring Receivables and Payables

Factoring Receivables

Details of factoring receivables as at 30 June 2024 and 31 December 2023 are as follows:

Financial assets at amortised cost (Net)	30 June 2024		31 December 2023	
	TP	FC	TP	FC
Discounted Factoring Receivables (Net)	6.936.024	80.343	6.568.761	352.508
Other Factoring Receivables	2.655.622	1.168.818	3.284.349	1.281.139
Non Performing Receivables	103.511	-	64.726	4.132
Expected Credit Losses (-)	(123.810)	(1.510)	(85.977)	(5.700)
<i>Stage 1</i>	(24.142)	(1.510)	(22.548)	(1.568)
<i>Stage 2</i>	(110)	-	(9)	-
<i>Stage 3</i>	(99.558)	-	(63.420)	(4.132)
Factoring receivables	9.571.347	1.247.651	9.831.859	1.632.079

Stage 2 overdue receivables of the company are TL 7.952 (31 December 2023 : TL 345) and the delay periods are as follows:.

<i>Stage 2</i>	30 June 2024		31 December 2023	
	TP	YP	TP	YP
Overdue 7 days	1.650	-	-	-
Overdue 1 month	1.636	-	345	-
Overdue 1-2 months	4.085	-	-	-
Overdue 2-3 months	581	-	-	-
	7.952	-	345	-

In addition, there are factoring receivables of TL 7.752 that are not overdue and are being followed up in the second stage.

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5 FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET) (continued)**5.1 Factoring Receivables and Payables (continued)***Factoring Payables*

Details of short-term factoring payables as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TP	FC	TP	FC
Factoring payables	4.158	13.514	3.369	56.238
	4.158	13.514	3.369	56.238

Factoring payables represent the amounts of collections on behalf of factoring customers not transferred to the factoring customer accounts yet.

5.2 Non-Performing Receivables

Details of the Company’s non-performing factoring receivables as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TP	YP	TP	YP
Non-performing factoring receivables	103.511	-	64.726	4.132
Non-performing factoring receivables	103.511	-	64.726	4.132

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5 FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET) (continued)

5.3 Expected Credit Losses

Details of the Company’s expected credit losses for factoring receivables as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TP	YP	TP	YP
Expected credit losses	(123.810)	(1.510)	(85.977)	(5.700)
Expected credit losses	(123.810)	(1.510)	(85.977)	(5.700)

The movements of expected credit losses for factoring receivables for 30 June 2024 and 31 December 2023 are as follows:

	1 January- 30 June 2024	1 January- 31 December 2023
Opening balance 1 January	91.677	79.438
<i>Expected credit loss of the period</i>		
Stage 1	15.315	21.355
Stage 2	110	7
Stage 3	53.246	48.446
<i>Collections/reversals of the period;</i>		
Stage 1	(13.779)	(15.353)
Stage 2	(9)	(10)
Stage 3	(21.240)	(31.231)
<i>Deducted receivables provision cancellations;</i>		
Stage 3	-	(10.975)
	125.320	91.677

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6 TANGIBLE ASSETS

Movements in tangible fixed assets for the period ended 30 June 2024 are as follows:

	1 January 2024	Additions	Disposals	30 June 2024
Acquisition Cost				
Furniture and fixtures	4.271	-	-	4.271
Leasehold improvements	2.018	-	-	2.018
Right-of-use				
Leased buildings	6.584	1.150	(315)	7.419
Right-of-use				
Vehicles	5.061	63	(204)	4.920
	17.934	1.213	(519)	18.628
		Depreciation		
	1 January 2024	for the period	Disposals	30 June 2024
Accumulated Depreciation				
Furniture and fixtures	4.195	12	-	4.207
Leasehold improvements	1.779	50	-	1.829
Leased buildings	3.740	1.527	(315)	4.952
Vehicles	3.586	688	(160)	4.114
	13.300	2.277	(475)	15.102
Net book value	4.634			3.526

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6 TANGIBLE ASSETS (continued)

Movements in tangible assets for the period ended 31 December 2023 are as follows:

	1 January 2023	Additions	Disposals	31 December 2023
Acquisition Cost				
Furniture and fixtures	4.271	-	-	4.271
Vehicles	19	-	(19)	-
Leasehold improvements	2.012	6	-	2.018
Right-of-use				
Leased buildings	4.658	2.566	(640)	6.584
Right-of-use				
Vehicles	4.960	101	-	5.061
	15.920	2.673	(659)	17.934
Accumulated Depreciation		Depreciation for the period	Disposals	31 December 2023
Furniture and fixtures	4.162	33	-	4.195
Vehicles	19	-	(19)	-
Leasehold improvements	1.680	99	-	1.779
Leased buildings	2.331	2.048	(639)	3.740
Vehicles	2.245	1.341	-	3.586
	10.437	3.521	(658)	13.300
Net book value	5.483			4.634

7 INTANGIBLE ASSETS

The movement of intangible assets for the period ended 30 June 2024 is as follows:

	1 January 2024	Additions	Disposals	30 June 2024
Acquisition Cost				
Rights	74.976	28.899	-	103.875
Other (Software)	3.076	-	-	3.076
	78.052	28.899	-	106.951
Accumulated Amortization		Charge for the period	Disposals	30 June 2024
Rights	45.850	4.969	-	50.819
Other (Software)	3.076	-	-	3.076
	48.926	4.969	-	53.895
Net book value	29.126			53.056

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7 INTANGIBLE ASSETS (continued)

The movement of intangible assets for the period ended 31 December 2023 is as follows:

	1 January			31 December
	2023	Additions	Disposals	2023
Acquisition Cost				
Rights	52.145	22.831	-	74.976
Other (Software)	3.076	-	-	3.076
	55.221	22.831	-	78.052
Accumulated Amortization		Charge for the		31 December
	2023	period	Disposals	2023
Rights	41.167	4.683	-	45.850
Other (Software)	3.076	-	-	3.076
	44.243	4.683	-	48.926
Net book value	10.978			29.126

As at 30 June 2024 and 31 December 2023, the Company has not any intangible asset that is generated within the company.

8 TAX ASSETS AND LIABILITIES

Corporate Tax

While corporate tax which is applied to corporate earnings at the rate of 20% in Turkey, in accordance with the regulation introduced by the Law No.7456 "On the Formation of Additional Motor Vehicle Tax to Compensate the Economic Losses Caused by the Earthquakes That Occurred on 6/2/2023, Amending Certain Laws and the Decree Law No. 375, the corporate earnings of 2023 and later taxation periods this rate has been determined to be applied as 25% and for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies this rate has been determined to be applied as 30%.

This rate is applied to tax base which is calculated by adding certain non-deductible expenses for tax purposes and deducting certain exemptions (like dividend income) and other deductions on accounting income. If there is no dividend distribution, no further tax charges are made.

Dividends paid to the resident institutions and the institutions working through local offices or representatives in Turkey are not subject to withholding tax. As per the decisions No. 2009/14593 and 2009/14594 of the Council of Ministers published in the Official Gazette No. 27130 dated 3 February 2009, certain duty rates included in the Articles No.15 and 30 of the new Corporate Tax Law No.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions has been changed to 10% from 15% by the Presidential decision published in the Official Gazette No. 31697 dated 22 December 2021. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

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8 TAX ASSETS AND LIABILITIES (continued)

Corporate Tax (continued)

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year’s earnings.

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

While 50% of the profits arising from the sale of real estates included in the assets for the same period are subject to exemption from corporate tax on condition that they are kept in a special fund account in liabilities until the end of the fifth year following the year of sale and collected until the end of the second calendar year; in accordance with the regulation introduced by the Law No. 7456 on “Imposition of Additional Motor Vehicle Tax for Compensation of Economic Losses Caused by Earthquakes Occurring on 6/2/2023 and Amendment of Certain Laws and Legislative Decree No. 375”, this exemption article has been abolished and it has been determined that the exemption rate will be applied as 25% for real estates included in the assets of institutions before the date of entry into force of the law (July 15, 2023).

All earnings generated through transfer of equity shares, founders’ shares, redeemed shares and preemption rights by the companies being under legal proceedings or guarantor and mortgage provider of such companies, to banks, financial leasing companies and finance companies or the Savings Deposit Insurance Fund in connection with liquidation of their liabilities and earnings of banks, financial leasing companies and finance companies through sale of immovable part of such assets or other items are exempt from corporate tax at the rate of 50% and 75%, respectively.

As of 31 December 2021, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/ Ç of the Tax Procedure Law. These conditions are both the exceed in the increase of Producer Price Index in the last 3 accounting periods including current period by 100% and the exceed in the increase in the current period by 10%. However, temporary article 33 has been added on the Tax Procedure Law No. 213 with the regulation made with the Tax Procedure Law and the Law on Change in Corporate Tax Law No. 7352 published in the Official Gazette No.31734 dated 29 January 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this, the financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, are not subject to inflation adjustment, and for the 2023 accounting period; are not subject to inflation adjustment as of the provisional tax periods, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in the financial statements are to be shown in previous years' profit/loss accounts and does not affect the corporate tax base.

According to Article 17 of the Law No. 7491 on Amendments to Certain Laws and Decree Laws published in the Official Gazette No. 32413 dated 28 December 2023, it has become law that profit/loss differences arising from the inflation adjustment to be made in the 2024 and 2025 accounting periods, including the provisional tax periods, do not be taken into account in determining the income of banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361 dated 21/11/2012, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.

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8 TAX ASSETS AND LIABILITIES (continued)

Corporate Tax (continued)

According to Law No. 7440 on Restructuring of Certain Receivables and Amending Certain Laws published in the Official Gazette (dated on March 12, 2023 and numbered 32130), corporate tax payers are to be calculating additional tax in order to be indicated in corporate income tax returns of the year 2022. With the regulation of Law No. 5520 on the “Corporate Tax Law” and other tax regulations, an additional tax of 10% will be calculated based on the exemption and deduction amounts subject to deduction from corporate income and the tax bases subject to reduced corporate tax within the scope of Article 32/A of the same law and with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520., an additional tax of 5% will be calculated based on exempted dividends and earnings from abroad. The first partial payment of this additional taxes is to be paid within the payment period of the corporate income tax, and the second partial payment is to be paid in the fourth month following this period.

Income Tax Withholding

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made.

In accordance with the Presidential Decision No. 4936 which came into force by being published in the Official Gazette No. 6791, dated February 14, 2023, duty rates will be 0% of the amounts considered as distributed dividends regarding their own shares or partnership shares acquired by fully liable capital companies within the scope of the fourth paragraph of Article 94 of Law No. 193.

In the application of withholding tax rates on profit distributions to limited taxpayer institutions and real persons, the withholding tax rates in the relevant Double Taxation Agreements are also taken into account. The addition of retained earnings to the capital is not considered as profit distribution, so it is not subject to withholding tax.

Deferred Tax

According to the Turkish Accounting Standard 12 (TAS 12) “Income Taxes”; deferred tax assets and liabilities are recognized, using the balance sheet method, on all taxable temporary differences arising between the carrying values of assets and liabilities in the financial statements and their corresponding balances considered in the calculation of the tax base, except for the differences not deductible for tax purposes and initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

As stated in corporate tax note, in accordance with the regulation introduced by the Law No.7456 "On the Formation of Additional Motor Vehicle Tax to Compensate the Economic Losses Caused by the Earthquakes That Occurred on 6/2/2023, corporate income tax has been determined to be applied as 30% for the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. Therefore, as of 31 December 2023, the Company has calculated deferred tax at the rate of 30% for assets and liabilities.

According to the temporary article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements dated 30 June 2024 are included in the deferred tax calculation as of 30 June 2024 regardless of whether the conditions for inflation adjustment are met.

If transactions and other events are recognized in profit or loss, associated tax effects are also recognized in profit or loss. If transactions and other events are recognized directly in equity, the relevant tax effects are also recognized directly in equity accounts.

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8 TAX ASSETS AND LIABILITIES (continued)

Corporate Tax (continued)

Calculated deferred tax receivables and deferred tax liabilities are netted in the financial statements. The carrying value of deferred tax assets is reviewed as of each balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Furthermore, the deferred tax assets are not subject to profit distribution or capital increase as per the BRSA’s related circular in cases where there are net asset balances after netting deferred tax assets with deferred tax liabilities.

Transfer Pricing

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled “Disguised profit distribution through transfer pricing”. The communiqué on disguised profit distribution through transfer pricing, dated November 18, 2007, regulates the details of the application. partially distributed through transfer pricing. Disguised profit distribution through such transfer pricing is considered as an expense that is not legally accepted for corporate tax

According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes.

As stated in the General Communiqué No. 4 on Disguised Profit Distribution by Way of Transfer Pricing, the taxpayers are required to fill out the “Transfer Pricing, Controlled Foreign Entities and Thin Capitalization” form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

Tax income/(expense)

The details of tax income / (expense) for the periods ended 30 June 2024 and 30 June 2023 are as follows:

Tax provision reconciliation	1 January- 30 June 2024	1 January- 30 June 2023
Current tax expense	981.203	629.362
Calculated tax on reported profit	(294.361)	(157.341)
Permanent Differences:		
Disallowable income	6.799	-
Disallowable expenses	(150)	(358)
Unearned income inflation valuation differ	(434)	-
Cancellation of corporate tax provision for	-	8.562
Other	-	814
Tax expense/(income)	(288.146)	(148.323)

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8 TAX ASSETS AND LIABILITIES (continued)

The details of tax income / (expense) for the periods ended 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024	31 December 2023
Temporary tax paid in current period	293.034	398.785
Withholding income tax	(123.366)	(366.621)
Current period payment	(4.203)	(5.712)
Other (*)	(3.001)	-
Current Period Tax Payable/ (Receivable)	162.464	26.452

(*)Deducted from 2023 corporate tax payment.

As of 30 June 2024, no provisional tax has arisen. There is TL 4.203 income tax withheld (As of 31 December 2023, no provisional tax has been incurred. There is TL 5.712 income tax withheld).

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8 TAX ASSETS AND LIABILITIES (continued)

Deferred tax asset and liability

Carrying values of deferred tax assets and liabilities in the financial statements and tax goodwill and accounting, which are not subject to tax deduction, between the values used in the assessment and temporary differences, calculated on excluding differences in assets and liabilities recognized for the first time, which are not subject to taxation.

Recognition of deferred tax asset and liability

As of 30 June 2024 and 31 December 2023, deferred tax asset and liabilities calculated on the following items:

	30 June 2024	31 December 2023
Temporary Differences		
Litigation and expense rediscount provisions	26.371	20.324
Factoring provisions for receivables (1st and 2nd stages)	25.761	24.125
Premium provisions	18.541	23.911
Factoring receivables interest rediscount valuation differences	15.565	-
Severance pay provision-actuarial loss/gain	12.058	12.058
Leave provisions	11.325	9.334
Provision for severance pay	6.328	3.445
PPI Depreciation difference temporary differences between tangible and intangible assets	2.235	3.559
Credits received BITT rediscount	1.640	9.647
Right of use depreciation and interest expense	896	565
Time/demand deposit provisions	286	625
Fc exchange rate valuation	146	-
Temporary differences related to deferred tax assets	121.152	107.592
Loans received valuation differences	13.144	9.947
Prepaid loans and letter of guarantee commissions	10.208	14.369
Commission rediscounts for other factoring receivables	5.316	6.643
Bond valuation differences	3.494	3.587
Fc exchange rate valuation	-	347
Temporary differences related to deferred tax liabilities	32.162	34.893

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8 TAX ASSETS AND LIABILITIES (continued)

Deferred tax asset and liability (continued)

	30 June 2024	31 December 2023
Temporary Differences		
Litigation and expense rediscount provisions	7.911	6.097
Factoring provisions for receivables (1st and 2nd stages)	7.728	7.238
Premium provisions	5.562	7.173
Factoring receivables interest rediscount valuation differences	4.670	-
Severance pay provision-actuarial loss/gain	3.617	3.617
Leave provisions	3.398	2.800
Provision for severance pay	1.898	1.034
PPI Depreciation difference temporary differences between tangible and intangible assets	671	1.067
Credits received BITT rediscount	492	2.894
Right of use depreciation and interest expense	269	169
Time/demand deposit provisions	86	187
Fc exchange rate valuation	44	-
Temporary differences related to deferred tax assets	36.346	32.276
Loans received valuation differences	(3.943)	(2.984)
Prepaid loans and letter of guarantee commissions	(3.062)	(4.311)
Commission rediscounts for other factoring receivables	(1.595)	(1.993)
Bond valuation differences	(1.048)	(1.076)
Fc exchange rate valuation	-	(104)
Temporary differences related to deferred tax liabilities	(9.648)	(10.468)
Deferred tax assets (net)	26.698	21.808

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8 TAX ASSETS AND LIABILITIES (continued)**Deferred tax asset and liability (continued)**

Movements of deferred tax assets are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023
1 January	21.808	67.812
Deferred tax income / loss	4.890	67.499
Deferred tax income/(expense) related to other comprehensive income	-	5.757
Balance at the end of the period	26.698	141.069

The Company calculates deferred income tax assets and liabilities by taking into account the effects of temporary differences arising as a result of different evaluations between BRSA Accounting and Financial Reporting Legislation and Tax Procedure Law.

9 OTHER ASSETS

Details of other assets as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Receivables from BITT accruals	56.868	173	48.269	964
Previous years provisional tax receivables	14.165	-	8.884	-
Other	683	-	144	-
	71.716	173	57.297	964

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10 FUNDS BORROWED

Details of funds borrowed as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Funds borrowed	5.134.693	1.244.954	6.207.279	1.583.403
	5.134.693	1.244.954	6.207.279	1.583.403

Interest rates are the higher and lower rate interval for the variable and fixed rate loans as at 30 June 2024 and 31 December 2023.

	30 June 2024				31 December 2023			
	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	5.134.693	52,81	5.131.584	3.109	6.207.279	41,83	6.157.767	49.512
USD	29.602	7,85	945.560	-	45.800	9,91	1.330.167	-
EUR	7.944	6,61	271.927	-	6.883	6,86	221.306	-
GBP	680	7,96	27.467	-	863	7,95	31.930	-
Toplam			6.376.538	3.109			7.741.170	49.512

TL 1.437.586 of the funds borrowed as at 30 June 2024 is borrowed from Takasbank Money Market (31 December 2023: TL 2.429.230). For the loans obtained from Takasbank Money Market, 115.758 TL cash collateral and 4.589.000 TL letter of guarantee were given (31 December 2023: 169.961 TL cash collateral and 3.349.000 TL letter of guarantee).

As at 30 June 2024 and 31 December 2023, the remaining funds borrowed are uncollateralized.

11 LEASE OBLIGATIONS (Net)

Details of lease obligations as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Nominal	4.985	-	6.370	-
Cost	(1.080)	-	(1.315)	-
Carrying Value	3.905	-	5.055	-

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12 MARKETABLE SECURITIES ISSUED

Details of marketable securities issued as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
<i>Bonds</i>				
Nominal	2.095.300	-	2.239.001	-
Cost	1.804.662	-	1.952.335	-
Carrying Value	1.986.081	-	2.036.659	-

The Company issued discounted bonds only for qualified investors.

1 January - 30 June 2024				1 January - 31 December 2023			
Date of issue	Nominal value	Maturity	Interest rates (%)	Date of issue	Nominal value	Maturity	Interest rates (%)
05.02.2024	100.000	17.07.2024	46,50	26.07.2023	219.000	22.01.2024	28,50
19.02.2024	200.002	01.07.2024	47,50	03.08.2023	84.000	01.03.2024	29,00
01.03.2024	140.200	10.07.2024	48,00	20.11.2023	550.002	17.05.2024	44,00
18.03.2024	434.401	17.07.2024	53,00	29.11.2023	100.001	01.04.2024	44,50
26.04.2024	200.000	01.08.2024	57,00	04.12.2023	280.999	11.03.2024	45,00
06.05.2024	199.999	01.11.2024	55,50	06.12.2023	299.999	25.04.2024	46,00
17.05.2024	199.999	01.08.2024	52,00	14.12.2023	304.001	18.03.2024	45,00
17.05.2024	169.999	02.09.2024	52,50	18.12.2023	101.000	01.03.2024	44,50
03.06.2024	71.000	26.08.2024	51,00	19.12.2023	299.999	19.02.2024	44,50
11.06.2024	379.700	02.09.2024	51,00				
Total	2.095.300				2.239.001		

13 PROVISIONS

Details of provisions as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Provision for employee benefits	48.252	-	48.748	-
Other provisions	48.578	15.424	67.772	14.463
Provision for lawsuits	2.575	-	2.495	-
Provision for correspondent commissions	-	1.660	-	1.466
	99.405	17.084	119.015	15.929

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13 PROVISIONS (continued)

13.1 Provisions for employee benefits

Provision for employee benefits as at 30 June 2024 includes retirement pay provision amounting to TL 18.386 (31 December 2023: TL 15.503), unused vacation accrual amounting to TL 11.325 (31 December 2023: TL 9.334) and personnel bonus accrual amounting to TL 18.541 (31 December 2023: TL 23.911).

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee whose contract is terminated after one service year or who is entitled to a retirement at the age of 60 (58 for women) after 25 service years (20 for women) or who is called for military service or who is dead. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended as of 23 May 2002. The amount of compensation to be paid is equal to one month’s salary and this amount for the period 01 January – 30 June 2024 is TL 35.058,58 (full), (31 December 2023: TL 23.489,83 (full)). The amount of compensation to be paid is equal to one month’s salary for every and each year of employment.

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 at 30 June 2024, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 21,94 % and a discount rate of 25,60% (31 December 2023: inflation rate of 21,94 %, discount rate of 25,60%).

Movement of retirement pay provision as at 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023
Net liability at the beginning of the period	15.503	11.803
Severance indemnity paid in the period	3.604	2.964
Recognized under income statement	(721)	(5.642)
Retirement provision recognized under other comprehensive income	-	348
Net liability at the end of period	18.386	9.473

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13 PROVISIONS (continued)**13.1 Provision for Employee Benefits (continued)****Personnel Bonus Accrual**

Movement of the personnel bonus provision as at 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023
Balance at 1 January	23.911	9.369
Paid in the period	(10.376)	(5.718)
Reversal	(13.180)	(356)
Accrual for the period	18.186	6.405
Balance at the end of the period	18.541	9.700

Unused Vacation Accrual

The movement of unused vacation provisions as at 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023
Balance at 1 January	9.334	5.533
Accrual for the period	2.013	3.132
Paid in the period	(22)	(372)
Reversal	-	(1.272)
Balance at the end of the period	11.325	7.021

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13 PROVISIONS (Continued)

13.2 Other Provisions

As at 30 June 2024, the Company has TL 44.981 other expense discounts and provisions, TL 2.236 correspondent allowance provision, TL 17.999 continuing legal proceedings, TL 3.021 expense discount for loans received. (31 December 2023: TL 1.466 correspondent allowance provision, TL2.495 continuing legal proceedings, TL 82.235 continuing legal proceedings.)

The movement of other provision for the periods ended 30 June 2024 and 30 June 2023 are as follows:

	30 June 2024		30 June 2023	
	TL	FC	TL	FC
Balance at 1 January	70.267	15.929	21.467	11.566
Transfer from FX provision to TL provision	-	-	10.147	(9.934)
Paid in the period	(22.791)	(1.466)	(1.252)	(1.143)
Accrual for the period	3.677	2.621	2.065	2.499
Balance at the end of the period	51.153	17.084	32.427	2.988

14 OTHER LIABILITIES

Details of other liabilities as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Taxes payable	30.631	-	29.020	-
Lenders to vendors	11.874	-	3.810	28
Temporary accounts payable	317	1.432	39	348
Unearned income	168	-	1.776	-
Remittances payable	62	-	59	486
Other creditors	28	-	39	86
Other liabilities	43.080	1.432	34.743	948

GARANTİ FAKTORİNG A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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15 SHAREHOLDERS’ EQUITY**15.1 Paid-in Capital**

In the meeting of the Company's Board of Directors dated 09.02.2024 and numbered 03, it was decided that since the registered capital ceiling of our Company is 397.500 TL, the issued capital of 79.500 TL will be increased by 318.000 TL (400% increase) with a nominal value of 1 (one) Kurus for each share, to 397.500 TL and the total increase amount will be allocated from the undistributed profit transferred to the extraordinary reserves.

The issuance certificate and the articles of association amendment text approved by the Capital Markets Board's decision dated 09.05.2024 and numbered 25/640 have been approved. The bonus share amounts were transferred to the accounts of the shareholders on 14.05.2024.

As at 30 June 2024, the Company's share capital amounts to TL 397.500 (31 December 2023: TL 79.500). As at 31 December 2023, the Company has 39.750.000.000 (31 December 2023: 7.950.000.000) total registered shares consisting of 20.021.214.900 preferred shares and 19.728.785.100 ordinary shares with a par value of Kr 1 each (31 December 2023: Kr 1).

15.2 Capital Reserves

None (31 December 2023: None).

15.3 Other Comprehensive Income or Expense

As at 30 June 2024, TL (8.440) includes actuarial gain/ losses of employee termination benefits and its deferred tax effect that will not be reclassified subsequently to profit or loss (31 December 2023: TL (8.440) includes actuarial gain/ losses of employee termination benefits and its deferred tax effect that will not be reclassified subsequently to profit or loss).

15.4 Profit Reserves

As at 30 June 2024, the Company's profit reserves comprise of the legal reserves amounting to TL 15.900 (31 December 2023: TL 15.900 and extraordinary reserves amounting to TL 1.329.122 (31 December 2023: TL 602.038).

15.5 Profit Distribution

The profit distribution table approved at the 2023 Ordinary General Assembly Meeting held on June 28, 2024 is as follows.

Profit distribution table	30 June 2024
Net Profit for the year	1.045.084
Legal reserves (-)	-
Distributable net profit of the period	1.045.084
Donations (+)	291
Distributable net profit of the period (with donations)	1.045.375
Extraordinary reserves	1.045.084

GARANTİ FAKTORİNG A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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

16 OPERATING INCOME

The details of operating income for the periods ended 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Factoring interest income	2.717.822	1.245.065	1.442.862	681.568
Factoring fee and commission income	87.991	384.447	23.319	345.211
	2.805.813	1.629.512	1.466.181	1.026.779

17 FINANCE EXPENSES

The details of finance expenses for the periods ended 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Interest expenses on funds borrowed	1.165.862	778.918	608.088	480.794
Interest expenses on marketable securities issued	525.405	30.081	255.297	5.050
Fees and commissions given (net)	26.968	49.057	12.262	30.598
Leasing expenses	626	556	315	276
Other interest expense	16	798	13	26
	1.718.877	859.410	875.975	516.744

GARANTİ FAKTORİNG A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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18 OPERATING EXPENSES

The details of operating expenses for the periods ended 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Personel expenses	110.320	53.699	54.426	27.465
IT maintenance and contract expenses	24.179	12.604	11.676	6.864
Depreciation and amortization charges	7.246	3.403	4.051	1.885
Provision for retirement pays	3.604	2.964	2.163	1.236
Consultancy expenses	2.436	1.141	1.253	513
Vehicle expenses	1.611	646	805	347
Maintenance and repair expenses	1.231	-	718	-
Communication expenses	739	411	262	250
Litigation expenses	671	625	237	321
Institution membership dues	625	-	289	-
Other	6.968	3.888	4.368	2.250
	159.630	79.381	80.248	41.131

The details of operating expenses for the periods ended 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Salaries and wages	65.660	34.864	32.664	18.207
Bonuses	18.186	6.405	8.093	3.203
Social security premium employer’s share	10.573	5.026	5.302	2.527
Personnel assistance and contributions	4.288	857	2.166	403
Personnel food expenses	4.165	2.003	2.272	953
Insurance expenses	3.710	1.965	1.845	948
Personnel transportation service expenses	1.192	573	691	347
Business immorality	998	509	512	221
Other	1.548	1.497	881	656
	110.320	53.699	54.426	27.465

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ENDED 30 JUNE 2024

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19 OTHER OPERATING INCOME

The details of other operating income for the periods ended 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Interests received from banks	68.575	66.910	50.054	54.669
Foreign exchange profits	68.015	43.676	35.555	36.761
Expected losses provision reversals	35.485	33.022	12.379	6.354
Collections from receivables written down	15.806	-	5.329	-
Other	37.409	8.005	23.824	7.222
	225.290	151.613	127.141	105.006

20 PROVISIONS

The details of expected credit loss for the periods ended as at 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2024	1 January- 30 June 2024	1 January- 30 June 2024
Stage 1 (*)	15.433	24.930	356	9.132
Stage 2	110	617	(9)	(9.194)
Stage 3 (**)	54.136	18.418	26.344	5.349
	69.679	43.965	26.691	5.287

(*) TL 118 expected loss provision is included for assets classified under Cash, Cash Equivalents and Central Bank (30 June 2023: TL 2.407 expected loss provision is included for assets classified under Cash, Cash Equivalents and Central Bank).

(**) Includes TL 890 default interest provision (30 June 2023: TL 7.401 includes foreign currency increase in expected FX loss provision and TL 656 default interest provision).

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21 OTHER OPERATING EXPENSES

The details of other operating expenses for the periods ended 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Foreign exchange losses	63.925	7.196	18.436	3.549
Losses from swap transactions	35.195	158.646	35.195	157.356
Other	11	738	11	723
	99.131	166.580	53.642	161.628

22 EARNINGS SHARE

Calculation of earnings per share for the periods ended 30 June 2024 and 30 June 2023 are as follows:

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Net profit for the period	693.057	481.039	414.064	313.102
Weighted average number of shares with 1 KR of nominal value (thousa	39.750.000.000	39.750.000.000	39.750.000.000	39.750.000.000
Earnings per thousand shares (KR)	1,743540	1,210161	1,041670	0,787678

23 RELATED PARTY TRANSACTIONS

The details of receivables and payables due from and due to related parties as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Bank balances				
Türkiye Garanti Bankası A.Ş.	22.650	23.496	32.168	21.782
Demand deposits	12.612	23.496	13.104	21.782
Time deposit	10.038	-	19.064	-
Garantibank International NV	5	-	-	14.272
Demand deposits	5	-	-	14.272
	22.655	23.496	32.168	36.054

The amount of cheques and notes at custody of Türkiye Garanti Bankası A.Ş. related with factoring receivables as at 30 June 2024 is TL 6.318.069 (31 December 2023: TL 5.569.544 TL).

GARANTİ FAKTORİNG A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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23 RELATED PARTY TRANSACTIONS (continued)

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Factoring receivables				
Garanti Filo Yönetim Hizmetleri A.Ş.	20.785	-	277.912	-
	20.785	-	277.912	-
	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Funds borrowed				
Türkiye Garanti Bankası A.Ş.	20.101	692.162	1.355.522	1.024.650
Garantibank International NV	776.822	178.857	1.005.676	162.887
	796.923	871.019	2.361.198	1.187.537
	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Indemnity bond				
Türkiye Garanti Bankası A.Ş.	13.901	-	8.436	-
	13.901	-	8.436	-
	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Miscellaneous Payables				
Türkiye Garanti Bankası A.Ş.	5.861	-	802	-
Garanti Filo Yönetim Hizmetleri A.Ş.	449	-	-	-
Garanti Finansal Kiralama AŞ	138	-	9	-
	6.448	-	811	-

GARANTİ FAKTORİNG A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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23 RELATED PARTY TRANSACTIONS (continued)

Income and expenses from related parties for the periods ended 30 June 2024 and 30 June 2023 are as follow :

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Interest income from factoring receivables and commissions				
Garanti Filo Yönetim Hizmetleri A.Ş.	38.063	52.418	6.355	20.404
	38.063	52.418	6.355	20.404
	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Interest income on bank deposits				
Türkiye Garanti Bankası A.Ş.	20.003	34.915	18.552	34.902
	20.003	34.915	18.552	34.902
	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Interest expenses on funds borrowed				
Türkiye Garanti Bankası A.Ş.	157.924	576.816	35.189	356.469
Garanti Bank International NV	226.269	4.217	142.368	2.498
	384.193	581.033	177.557	358.967
	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
Fees and commissions given				
Garanti Yatırım Menkul Kıymetler A.Ş.	893	658	79	96
Türkiye Garanti Bankası A.Ş.	298	142	172	83
Garanti Bank International NV	237	243	114	118
	1.428	1.043	365	297

GARANTİ FAKTORİNG A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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23 RELATED PARTY TRANSACTIONS (continued)

	1 January- 30 June 2024	1 January- 30 June 2023	1 April- 30 June 2024	1 April- 30 June 2023
General Administrative Expenses (*)				
Türkiye Garanti Bankası AŞ	24.666	13.485	12.930	7.624
Garanti Filo Yönetim Hizmetler AŞ	955	946	453	471
Garanti Emeklilik ve Hayat AŞ	451	234	225	117
	26.072	14.665	13.608	8.212

()General Administrative Expenses comprises of rent expense, IT maintenance and contract expenses, transaction commissions, car rental expenses, travelling expenses and insurance expenses.*

Salary and other benefits provided to board members and executives:

The net amount of salary and other benefits provided to board members and executives by the Company for the period ended 30 June 2024 is TL11.214 (30 June 2023: TL 5.059).

GARANTİ FAKTORİNG A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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24 CONTINGENT ASSETS AND LIABILITIES**24.1 Guarantees Received**

Guarantees received for the Company’s factoring receivables as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Sureties received (*)	-	96.799.731	-	92.704.993
Finance notes	1.700	37.007.829	2.400	30.804.422
Correspondent guarantees	-	572.237	-	810.380
Insurance coverage	282.201	163.037	153.701	118.259
Mortgage	-	-	-	-
Other	42.883	-	27.853	-
Pledge of mortgage	-	-	-	-
	326.784	134.542.834	183.954	124.438.054

(*) Sureties received consist of the sum of amounts signed by each guarantor for every contract within the context of the factoring contracts.

24.2 Guarantees Given

Guarantees given as at 30 June 2024 and 31 December 2023 consist of letters of guarantee given to the institutions below:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Takasbank (Note 10)	4.589.000	-	3.349.000	-
Courts	15.048	-	10.098	-
Other	10	-	10	-
	4.604.058	-	3.359.108	-

GARANTİ FAKTORİNG A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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24 CONTINGENT ASSETS AND LIABILITIES (continued)**24.3 Safety Securities**

The details of cheques and notes in collection as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024		31 December 2023	
	TL	FC	TL	FC
Cheques in collection	6.442.584	397.356	5.316.837	667.791
Notes in collection	74.724	26.488	17.436	24.232
	6.517.308	423.844	5.334.273	692.023

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25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

25.1 Financial Risk Management Purposes and Policies

The Company’s risk management strategy aims to measure the risks in the framework of the Company’s activities by considering the risk-return balance for the optimum allocation of the capital and growth.

In this context, for the purposes of establishing a companywide risk culture, the basic principles of risk management implementation are defined by analyzing risks according to the volume, nature and complexity of the Company's activities; ensuring compliance with international and local regulations; controlling risks for protection of financial strength for limiting any potential adverse effects of market conditions on capital and income; creating risk transparency and risk awareness.

25.1.1 Credit Risk

The Company is exposed to credit risk through its factoring transactions. The allocation and monitoring of credit risk management activities can be summarized as follows.

Under the credit allocation;

Credit committee of Garanti Faktoring A.Ş. assesses loan applications from customers on a weekly basis. Apart from this, authorized sub - committees can also grant loans by using their defined limits. Within the scope of the assessment, quality of receivables, borrower’s credibility and the content of the trade are given particular importance. With the credit limit allocation, “limit validity time” application is applied, maximum limit is granted only for one year, but with the decision of the management the time limit can be reduced to shorter periods for control purposes.

During the assessment of credit allocations, determination of the credit risk and its management is carried out basically in two ways:

Criteria based limit allocation; a limit allocation is made to the appropriate buyer / seller side borrower company that complies with the criteria which are determined by the Credit Committee. These criteria would be revised if necessary, depending on the market conditions, sectoral developments and the results obtained from the current allocation process. If these criteria are no longer valid for a customer after the loan allocation, any other loan disbursements are stopped, and the risk liquidation process starts.

Standard analysis process; Credit allocations are made through the analysis made by the Credit Department within the scope of their limits.

Credit monitoring phase;

In order to monitor the allocated credits an early warning system has been developed. Periodically, customer credibility assessments are performed. In this context, overdraft checks, overdue factoring receivables and invoices are monitored on a daily basis and, if deemed necessary, additional intelligence investigations about customers are made.

For the due date checks, investigation department performs monthly risk controls and also assess concentration level by selecting certain customers from the total risk exposure. Then loan department reviews the work performed and re-assesses the loan limits for those selected customers.

In order to follow the customers with significant exposures, the top 20 borrowers with the highest risks, or the exposure to the related parties are reported to the Asset-Liability Committee on a weekly basis.

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25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

25.1 Financial Risk Management Purposes and Policies (continued)

25.1.2 Market Risk

The Company takes necessary precautions to safeguard itself according to the changing market conditions. The market risk is managed by taking the hedging positions and undertaking derivative transactions within the limits approved by the Board of Directors. The major cost element of the Company is the interest expenses from borrowings and it may be affected by the fluctuations in the market.

In this context, under the monitoring of the senior management, debt maturities are managed with respect to the interest expectations in the market. In addition, to manage the cash flow and liquidity risk, the maturity of factoring receivables, bank loans and deposit accounts is monitored. Daily status reports are prepared and end of day open treasury operations are reported to senior management.

Foreign exchange risk is monitored by the end of day open position limits under the Treasury Transaction Limits and end of day open positions are reported to the Company's management.

25.1.3 Liquidity Risk

Liquidity Risk is managed by the Treasury and Asset Liability Committee within the framework of the risk management policies, in order to take the necessary measures timely and accurately to avoid the liquidity shortage due to the market conditions and the balance sheet structure.

Daily liquidity management is carried out by the Treasury Department. Treasury, while performing this task, considers early warning signals for possible liquidity shortages. Medium and long-term liquidity management is carried out by the Treasury in accordance with the Asset Liability Committee decisions.

The company policy for the liquidity management is designed to have the sufficient liquidity in order to, maintain funding, utilizing any investment opportunities, fulfilment of any credit demand and any possible liquidity shortage. The Company's funding is based on bank loans and bond issues. While constituting the asset structure to ensure efficient management of liquidity, following points are taken into consideration:

- Ease of liquidity,
- Ease of liquidity of collaterals received

The necessary diversification of assets and liabilities is provided in order to fulfil the payment obligations considering the related currencies. The Company monitors cash flows from assets and liabilities and predicts future liquidity needs in TL and FX liquidity management.

Early warning systems are established and monitored by taking into consideration of both the Company's own financial indicators as well as the Turkish capital market, macroeconomic data and global market indicators. The weight of the funding sources like borrowings and bonds in the liabilities, the counterparty transaction volume concentration and the maturity structure is monitored.

GARANTİ FAKTORİNG A.Ş.

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25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

25.1 Financial Risk Management Purposes and Policies (continued)

25.1.4 Operational Risk

All operational risks are managed under the supervision of the Board of Directors and the Audit Committee in accordance with the framework that covers; risk identification, risk assessment, risk monitoring and risk control/mitigation. Each unit of the Company is responsible from their own operational risk monitoring, controlling and mitigating their operational risk by taking the necessary actions. The ultimate responsibility is on the relevant senior management.

In order to create an effective “internal control system”, the Company makes necessary organizational arrangements, establishes the appropriate communication and information systems and constitutes monitoring function.

Internal Audit Department is responsible from the audit of departments at headquarters and branches and investigation of any fraudulent activities performed by the staff or third parties. It is also responsible from creating a sound internal control environment and its coordination, and also carrying out of the Company’s operations within the legislation and regulations and in accordance with the Company management strategy and policy. In order to ensure compliance with national and international regulations, studies are carried out by the compliance officer in the scope of the strategy for the combat against the crime revenue and financing of terrorism.

The performance of the internal control system of the Company and the effectiveness of controlling operational risks is monitored regularly by the Internal Audit Department. In this context, system controls that constitute the internal control system, business cycle controls performed by the staff, organizational structure, segregation of duties, and basically general control environment are assessed.

This assessment can be performed centrally at the headquarters by utilizing computer-aided infrastructure or can be carried out traditionally by the “on site review”. In addition, those responsible from the emergency and contingency plans and their backups are designated.

For the purposes of legal risk management, available controls that are designed for monitoring of the compliance of the Company’s transactions with laws, internal policies and rules are monitored.

To strengthen the control environment in the operational areas, systemic or procedural limitations are applied. These limits that are set to limit the operational risks, are designed in accordance with the significance of the transactions for the Company, risk involved and probable amount of the loss and the qualifications of the staff. Limits are assessed and updated periodically depending on the needs. Operational risk limits are managed by determination of inconsistencies and approvals surrounding authorized signatures, authority over payments and transfers, accounting, purchase and sale and expense processes and loan disbursement process.

Operational risks are reported to the Audit Committee by the Internal Audit Department. In addition, the related business lines and units report their own operational risks to their respective senior management.

GARANTİ FAKTORİNG A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

25.1 Financial Risk Management Purposes and Policies (continued)

25.1.5 Reputation Riski

The Board of Directors and the whole staff of the Company is responsible from the protection of the reputation of the Company. Human Resources and Internal Audit Department determines the principles of the ethical rules and code of conduct of the Company and monitor the compliance of the employees to those rules.

The Company tries to avoid any kind of operation that would create a reputational risk in the eyes of regulators, its customers and other market participants and perform its maximum effort to be beneficial to the society, nature and humanity. The Company performs its all transactions and operations within the framework of compliance with the legislation, corporate governance principles, social, ethical and environmental principles.

In order to regulate the behavioural affairs of its employees and their business relationships, “Ethical Principles Procedure” and “Fraud and Unethical Behaviour Prevention Policy” documents are available as prepared by the Human Resources Department and Internal Audit Department. The Company is committed to the principles of corporate governance and shows maximum effort in the implementation of these principles. Annual report and website is regularly updated, within the framework of corporate governance principle.

GARANTİ FAKTORİNG A.Ş.

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25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

25.2 Risk Management Disclosures

25.2.1 Credit Risk

30 June 2024	Factoring Receivables		Non-performing receivables		Other Assets		Cash Equivalents	Derivative financial-Assets held for trading
	Related Party	Others	Related Party	Others	Related Party	Others		
Maximum net credit risk as at balance sheet date (A+B+C+D+E) -	20.704	10.794.341	-	3.953	-	-	163.708	34
A. Carrying value of financial assets that are not past due nor impaired	20.785	10.812.070	-	-	-	-	163.994	34
B. Net book value of financial assets whose terms are reassessed, if not accepted as past due nor impaired -	-	-	-	-	-	-	-	-
C. Financial assets that are past due but not impaired -	-	7.952	-	-	-	-	-	-
- carrying value	-	7.952	-	-	-	-	-	-
- the part under guarantee with collateral etc	-	-	-	-	-	-	-	-
D.Net book value of impaired assets	(81)	(25.681)	-	3.953	-	-	(286)	-
- Past due (gross carrying value)	-	-	-	103.511	-	-	-	-
- Impairment (-) (*)	(81)	(25.681)	-	(99.558)	-	-	(286)	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
D.Off balance sheet items that include credit risk	-	-	-	-	-	-	-	-

(*) Represents the expected loss provisions for factoring receivables in the first and second stages.

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NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

25.2 Risk Management Disclosures (continued)

25.2.1 Credit Risk (continued)

31 December 2023	Factoring Receivables		Non-performing		Other Assets		Cash Equivalents	Derivative financial- Assets held for trading
	Related Party	Others	Related Party	Others	Related Party	Others		
Maximum net credit risk as at balance sheet date (A+B+C+D+E)	276.691	11.185.941	-	1.306	-	-	245.362	32
A. Carrying value of financial assets that are not past due nor impaired	277.912	11.208.500	-	-	-	-	245.987	32
B. Net book value of financial assets whose terms are reassessed, if not accepted as past due nor impaired	-	-	-	-	-	-	-	-
C. Financial assets that are past due but not impaired -	-	345	-	-	-	-	-	-
- carrying value	-	345	-	-	-	-	-	-
- the part under guarantee with collateral etc	-	-	-	-	-	-	-	-
D.Net book value of impaired assets	(1.221)	(22.904)	-	1.306	-	-	(625)	-
- Past due (gross carrying value)	-	-	-	68.858	-	-	-	-
- Impairment (-) (*)	(1.221)	(22.904)	-	(67.552)	-	-	(625)	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
E.Off balance sheet items that include credit risk	-	-	-	-	-	-	-	-

(*) Represents the expected loss provisions for factoring receivables in the first and second stages.

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25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)**25.2 Risk Management Disclosures (continued)****25.2.2 Liquidity risk**

The following table provides an analysis for the Company’s financial liabilities by grouping the contractual maturities as at the balance sheet date. Amounts in the following table are the undiscounted contractual cash flows:

30 June 2024

Contractual Maturities	Carrying amount	Total		3-12 months	1-5 years
		expected cash inflows	Less than 3 months		
Non-derivative financial liabilities	8.387.305	8.812.766	7.567.452	1.241.190	4.124
Funds borrowed	6.379.647	6.694.809	5.654.379	1.038.147	2.283
Securities issued	1.986.081	2.095.300	1.895.301	199.999	-
Factoring payable	17.672	17.672	17.672	-	-
Payable leasing transactions	3.905	4.985	100	3.044	1.841

31 December 2023

Contractual Maturities	Carrying amount	Total		3-12 months	1-5 years
		expected cash inflows	Less than 3 months		
Non-derivative financial liabilities	9.892.003	10.621.704	6.868.427	3.694.952	58.325
Funds borrowed	7.790.682	8.316.725	5.518.610	2.741.795	56.320
Securities issued	2.036.659	2.239.001	1.289.000	950.001	-
Factoring payable	59.607	59.607	59.607	-	-
Payable leasing transactions	5.055	6.371	1.210	3.156	2.005

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25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)**25.2 Risk Management Disclosures (continued)****25.2.3 Market risk***Foreign currency risk*

Foreign currency risk is the risk arising from the value changes on financial instruments related with the change in exchange rates. The Company is exposed to currency risk due to its foreign currency borrowings. The currencies that the foreign currency risk of the Company mainly arises from are USD, Euro and GBP. As the financial statements of the Company are presented in TL, the financial statements are affected by fluctuations in these exchange rates against TL. The Company’s net short/ (long) position arises from the assets, liabilities and derivative financial instruments in foreign currencies as at 30 June 2024 and 31 December 2023.

Foreign currency assets and liabilities as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024	31 December 2023
	(TL equivalent)	(TL equivalent)
A. Foreign currency monetary assets	1.271.897	1.675.848
B. Foreign currency monetary liabilities	(1.261.561)	(1.642.055)
Net döviz pozisyonu (A+B+C)	10.336	33.793

GARANTİ FAKTORİNG A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**25.2 Explanations on Risk Management (continued)****25.2.3 Market risk (continued)***Foreign currency risk (continued)*

The table below summarizes the Company’s foreign currency position in detail as at 30 June 2024 and 31 December 2023. Carrying amounts of the Company’s foreign currency monetary assets and liabilities are presented with their original currencies:

30 June 2024	USD	EURO	GBP	Total
Assets				
Cash and cash equivalents	8.367	14.524	1.148	24.039
Financial assets at fair value through profit or loss	-	34	-	34
Factoring receivables (Net)	947.252	271.714	28.685	1.247.651
Other Assets	51	122	-	173
Total assets	955.670	286.394	29.833	1.271.897
Liabilities				
Funds borrowed	945.560	271.927	27.467	1.244.954
Factoring payables	4.125	9.278	111	13.514
Sundry creditors and other liabilities	1.965	990	138	3.093
Total liabilities	951.650	282.195	27.716	1.261.561
Net foreign currency position	4.020	4.199	2.117	10.336
Net position	4.020	4.199	2.117	10.336

(*)Foreign currency provision amounting to TL 15.423 has not been taken into account in the currency risk calculation.

GARANTİ FAKTORİNG A.Ş.**NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

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25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**25.2 Explanations on Risk Management (continued)****25.2.3 Market risk (continued)**

31 December 2023	USD	EURO	GBP	Total
Assets				
Cash and cash equivalents	28.058	10.855	3.860	42.773
Financial assets at fair value through profit or loss	-	32	-	32
Factoring receivables (Net)	1.332.353	266.191	33.535	1.632.079
Other Assets (*)	862	102	-	964
Total assets	1.361.273	277.180	37.395	1.675.848
Liabilities				
Funds borrowed	1.330.167	221.306	31.930	1.583.403
Factoring payables	14.254	36.825	5.159	56.238
Sundry creditors and other liabilities	1.226	1.041	147	2.414
Total liabilities	1.345.647	259.172	37.236	1.642.055
Net foreign currency position	15.626	18.008	159	33.793
Net position	15.626	18.008	159	33.793

(*)Foreign currency provision amounting to TL 14.463 has not been taken into account in the currency risk calculation.

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25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued))**25.2 Explanations on Risk Management (continued)****25.2.3 Market risk (continued)**

Foreign currency sensitivity risk

10% decrease in the TL against the relevant foreign currencies for the periods ended 30 June 2024 results in an increase in profit before tax for the period amounting to TL 1.034 (30 June 2023: TL 9.300 increase). This analysis is made with the assumption that the other variables were held constant for the periods ended 30 June 2024 and 30 June 2023.

TL	
30 June 2024	Profit/(Loss)
USD	402
EURO	420
GBP	212
Toplam	1.034

TL	
30 June 2023	Profit/(Loss)
USD	3.820
EURO	5.481
GBP	(1)
Toplam	9.300

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25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued))

25.2 Explanations on Risk Management (continued)

25.2.3 Market risk (continued)

Interest rate risk sensitivity analysis

The Company’s financial instruments that have interest rate sensitivity as at 30 June 2024 and 31 December 2023 are as follows:

	Carrying Value	
	30 June 2024	31 December 2023
Fixed Rate		
Factoring receivables	8.720.773	9.139.348
Time deposit	125.796	189.025
Funds borrowed	6.183.196	7.307.491
Issued securities	1.986.081	2.036.659
Variable Rate		
Factoring receivables	2.120.034	2.347.409
Credits received	196.451	483.191

If interest rates of the floating rate instruments denominated in USD and EURO were 100 basis points higher/lower at the date of reissue and all other variables were constant as at 30 June 2024, net income for the period would decrease/increase by TL 19.236 (30 June 2023: TL 34.422) as a result of higher/lower interest expense from floating interest rate financial instruments

Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the profit through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, cash and cash equivalents and equity comprising issued capital, reserves and retained earnings disclosed in Note 15.

It is shown by the management reviews the cost of capital and the risks associated with each class of capital. As part of this review, the management considers the cost of capital and the risks associated with each class of capital and presents to the Board of Directors for approval.

The overall strategy of the Company did not differ materially from the prior period.

26 FINANCIAL INSTRUMENT

Fair Value of Financial Instruments

The Company calculates its derivative financial assets and liabilities and securities whose fair value difference is reflected in profit/loss at their fair value.

The Company management shows the receivables from banks and factoring receivables and the loans received at their cost value discounted with effective interest. Receivables from banks and factoring receivables and the loans received are carried at their amortized cost values in the balance sheet and it is anticipated that their recorded values are approximately equal to their fair values due to their short terms.

The table below presents the fair value determination method of the financial instruments at fair value as at 30 June 2024. The method for each level is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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26 FINANCIAL INSTRUMENT (continued)

Fair Value of Financial Instruments (continued)

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

30 June 2024	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (Net)	34	-	-	34
	34	-	-	34

31 December 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (Net)	32	-	-	32
	32	-	-	32

27 EVENTS AFTER THE REPORTING PERIOD

None.