DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020 TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi;

Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi (the "Company")** and its subsidiary (**collectively referred to as the "Group"**) which comprise the consolidated statement of balance sheets as at 31 December 2020, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash-flow for the year then ended and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS/TAS").

Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion

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Key Audit Matters

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

Trade Receivables	
Please refer to notes 2.08 and 10 to the consolidated financial statements	
Key audit matters	**How our audit addressed the key audit matter**
The consolidated financial statements as of 31 December 2020 include trade receivables which represent a significant portion of Datagate's total assets. Datagate's business activities include engaging sales of mobile phones, mobile devices, accessories, Türk Telekomünikasyon A.Ş (Türk Telekom) line, airtime minutes and selling Türk Telekom Group (Türk Telekomünikasyon A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş together referred as the Türk Telekom Group.) branded products to its dealers authorized by Türk Telekom Group. Since, Datagate has the distributorship of the Türk Telekom Group, business activities of Datagate intensified in its nature of business. The Group used assignment of trade receivables resulting from sales of devices to financial institutions. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group. In addition, The Group's assignment of trade receivables, whose collection is mediated by Türk Telekom Group, are also collected by irrevocable transfer and assignment to factoring companies. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group. Due to 1) receivables arising from the collection of the sales made on assignment from Türk Telekom Group or factoring institutions; 2) ensuring to reconcile the balances of trade receivables and 3) calculation of rediscounts are determined as key audit matter for audit of the consolidated financial statements.	We performed the following procedures in relation to the testing the rediscount on trade receivables and ensuring to reconcile the balances of trade receivables: Assessing the loan and factoring interests while rediscount on assignment of trade receivables, and rediscount on trade receivables except for assignment according to their terms. The Group invoices the dealers, including the interests applied by loan funding or factoring companies to the Group, therefore, the Group equals the amount of interest income with loan and factoring interest expenses. We have been evaluated the depreciation and factoring tables of the Group which is the key audit matter for our audit, The Group's assignment of trade receivables, whose collection is mediated by Türk Telekom Group, are also collected by irrevocable transfer and assignment to factoring companies. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group, Evaluating the balances of trade receivables including assignments and compare them with the assignment of trade receivables with loans and factoring payables and their interests.

As of 20 July 2020, selling smart phones, tablets, accessories and Türk Telekom Group products to TTSs (Türk Telekom Store), IDCs (Integrated Distribution Center) and ASCs (Active Sales Channel) by Türk Telekom Group the authorization to distribute these products by the Group has been expired but the Group's business activities has been continued through Türk Telekom master (main) distributorship channel of Apple branded products, as well as alternative channel distributorship of Türk Telekom products (Virtual TL, Physical TL, payroll card), corporate channel and device distribution business in alternative channels (including online).	We had no material findings related to the trade receivables as a result of these procedures.

Provision for Inventory Impairment	
Please refer to notes 2.08 and 13 to the consolidated financial statements	
Key audit matters	**How our audit addressed the key audit matter**
Due to the technological developments, products in inventories may subject to technological obsolescence and depreciate its net realisable value. The consolidated financial statements as of and for the year ending 31 December 2020 include inventories with carrying values of TL 144.821.513 and the provision for inventories of TL 3.972.884. Significant estimates and judgements are used by Group management in the net realisable values of inventories regarding depreciation and technological developments. The Group's inventory impairment policy including calculating the provision for inventory impairment with increasing percentages due to the increase in inventory periods more than 3 months during the determination of provision for inventory impairment. The balance of inventory and the calculation of impairment regarding the balance are determined as key audit of the consolidated financial statements.	We performed the following procedures in relation to the testing net realizable value of inventories: Evaluating the provision for net realisable value in terms of changes in gross profit from sales on general or product basis, Comparing the unit prices on invoices in the balance sheet period with sales invoices samples after the balance sheet date, Testing unusual deviations with comparing prior period with the ratio of cost of sales to the inventory turnover ratio and cost of sales, Evaluating the movement of inventory for all inventory groups and their changes, inventory aging, and inactive inventory from prior period that unable to sell, Testing the inventory impairment through aging and waiting periods on the basis of the Group's inventory aging table. We had no material findings related to provision for inventory impairment as a result of these procedures.

Trade Payables	
Please refer to notes 2.08 and 10 to the consolidated financial statements	
Key audit matters	**How our audit addressed the key audit matter**
The consolidated financial statements as of and for the year ending 31 December 2020 include trade payables with carrying values of TL 108.034.094. The balance of trade payable which represents significant portion of Datagate's total liabilities determined as key audit of the consolidated financial statements.	We performed the following procedures in relation to the testing trade payables: Through obtaining detailed list of trade payables, reconciliation have been made with the suppliers that constitutes trade payables in the Group's records, and / or have been controlled with the payments after the balance sheet date, Evaluating the payables to suppliers balance if that have not been paid for a long period in accordance with the provision for interest and late charge, Evaluating the currency translation differences for foreign currency denominated suppliers and depreciation studies for trade payables. We had no material findings related to trade payables as a result of these procedures.

Revenue	
Please refer to notes 2.08 and 28 to the consolidated financial statements	
Key audit matters	**How our audit addressed the key audit matter**
Recognition and determination of revenue in correct period determined as a key audit matter for audit of the consolidated financial statements.	We performed the following procedures in relation to the testing recognition of revenue in correct period: Testing the accounting policy in relation to the recognition of revenue in the financial statements, Evaluating the revenue as a process by observing sales and delivery procedures, Evaluating the audit procedures are focused on the assessment of invoices issued but risk and ownership have not been transferred. Evaluating the details of the sales returns which are requested for the audit date whether there is a high amount of returns incurred after the balance sheet date, Evaluating the invoice, delivery note, warehouse exit and delivery documents are analyzed by sampling method and the actual delivery is made before the balance sheet date. We had no material findings related to recognition of revenue as a result of these procedures.

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

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS/TAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

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

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Responsibilities Arising from Regulatory Requirements

1) In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 16 February 2021.

2) No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Group's bookkeeping activities concerning the period from 1 January to 31 December 2020 period are not in compliance with the TCC and provisions of the Group's articles of association related to financial reporting.

3) In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

The engagement partner responsible for the audit resulting in this independent auditor's report is Arzu DEVELİ CİLARA.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.
An Independent Member of BAKER TILLY INTERNATIONAL

İstanbul, 16 February 2021

Arzu DEVELİ CİLARA
Partner, CPA

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2020 , 2019 AND 2018

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited	***Restated Audited***	***Restated Audited***
		Current Period	***Prior Period***	***Prior Period***
ASSETS	**Notes**	**31 December 2020**	**31 December 2019**	**31 December 2018**
Current Assets		**499.343.397**	**412.499.422**	**327.853.194**
Cash and Cash Equivalents	6	20.706.560	23.951.777	75.484.975
Financial Investments	7	-	135.519	83.407
Trade Receivables	10	310.992.734	276.085.099	205.718.618
Trade Receivables from Related Parties	*10-37*	*669.266*	*47.682*	*351.434*
Trade Receivables from Non Related Parties	*10*	*310.323.468*	*276.037.417*	*205.367.184*
Other Receivables	11	402.670	378.305	48.546
Other Receivables from Related Parties	*11-37*	-	-	-
Other Receivables from Non Related Parties	*11*	*402.670*	*378.305*	*48.546*
Derivative Instruments	12	-	153.862	-
Inventories	13	144.821.513	98.187.438	39.432.197
Prepaid Expenses	15	12.693.659	10.469.419	3.587.006
Current Income Tax Assets	25	-	82.551	255.860
Other Current Assets	26	9.726.261	3.055.452	3.242.585
Non Current Assets		**11.814.721**	**13.060.582**	**20.254.751**
Trade Receivables	10	-	-	3.604.399
Trade Receivables from Non Related Parties	*10*	-	-	*3.604.399*
Investment Properties	17	237.850	242.530	247.210
Property, Plant and Equipment	18	362.847	319.588	336.980
Right of Use Assets	18	2.637.705	2.712.681	-
Intangible Assets	19	818.227	877.851	966.131
Other Intangible Assets	*19*	*818.227*	*877.851*	*966.131*
Deferred Tax Assets	35	7.758.092	8.907.932	15.100.031
TOTAL ASSETS		511.158.118	425.560.004	348.107.945

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEETS

AT 31 DECEMBER 2020 , 2019 AND 2018

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited	*Restated Audited*	*Restated Audited*
	Notes	***Current Period*** **31 December 2020**	***Prior Period*** **31 December 2019**	***Prior Period*** **31 December 2018**
LIABILITIES				
Current Liabilities		**321.162.737**	**220.786.327**	**165.843.966**
Short Term Borrowings	8	184.430.310	108.396.414	44.562.552
Short Term Portion of Long Term Borrowings	8	-	5.580.603	27.130.066
Trade Payables	10	108.034.094	71.156.264	65.368.265
Trade Payables to Related Parties	*10-37*	*7.135.594*	*1.779.415*	*746.169*
Trade Payables to Non Related Parties	*10*	*100.898.500*	*69.376.849*	*64.622.096*
Employee Benefits Payables	20	192.231	476.030	149.139
Other Payables	11	452.483	1.898.884	1.922.256
Other Payables to Related Parties	*11-37*	-	-	-
Other Payables to Non Related Parties	*11*	*452.483*	*1.898.884*	*1.922.256*
Derivative Instruments	12	3.104.246	-	1.073.209
Deferred Income	15	2.927.494	7.545.008	4.101.491
Current Income Tax Liabilities	35	424.702	1.263.549	214.011
Short Term Provisions	22	21.597.177	24.469.575	21.322.977
Other Short Term Provisions	*22*	*21.597.177*	*24.469.575*	*21.322.977*
Non Current Liabilities		**2.780.498**	**2.735.736**	**4.213.277**
Long Term Borrowings	8	1.649.857	1.949.941	3.604.399
Long Term Provisions for Employee Benefits	*24*	*1.130.641*	*785.795*	*608.878*
EQUITY	27	**187.214.883**	**202.037.941**	**178.050.702**
Equity Holders of the Parent	27	**137.342.261**	**124.147.957**	**100.613.123**
Paid in Share Capital		30.000.000	30.000.000	30.000.000
Adjustment to Share Capital		1.241.463	1.241.463	1.241.463
Repurchased Shares (-)		(810.827)	(810.827)	(810.827)
Share Premium		3.229.361	3.229.361	3.229.361
Business Combinations Under Common Control		(11.913.128)	-	-
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss		(107.284)	(65.066)	(54.755)
Revaluation and Remeasurement Gains/Losses		*(107.284)*	*(65.066)*	*(54.755)*
Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss		1.940.310	1.940.310	1.940.310
Currency Translation Differences		*1.940.310*	*1.940.310*	*1.940.310*
Restricted Reserves From Retained Earnings		10.513.622	10.513.622	10.513.622
Prior Years Income		78.099.094	54.553.949	36.678.534
Net Profit for the Period		25.149.650	23.545.145	17.875.415
Non-Controlling Interests		49.872.622	77.889.984	77.437.579
TOTAL LIABILITIES AND EQUITY		**511.158.118**	**425.560.004**	**348.107.945**

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

DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	*Audited* *Current Period* 1 January 2020 31 December 2020	*Restated* *Audited* *Prior Period* 1 January 2019 31 December 2019
PROFIT OR LOSS			
Revenue	28	1.699.475.494	1.030.800.835
Cost of Sales (-)	28	(1.622.436.726)	(970.172.236)
GROSS PROFIT/(LOSS) FROM FINANCIAL OPERATIONS		**77.038.768**	**60.628.599**
GROSS PROFIT/(LOSS)		**77.038.768**	**60.628.599**
General Administrative Expenses (-)	29	(15.946.515)	(12.802.318)
Marketing, Sales and Distribution Expenses (-)	29	(15.469.081)	(12.721.343)
Other Operating Income	31	42.924.817	28.269.284
Other Operating Expenses (-)	31	(33.237.581)	(22.439.001)
OPERATING PROFIT / (LOSS) FROM CONTINUING OPERATIONS		**55.310.408**	**40.935.221**
Gains from Investment Activities	32	39.764	6.067
Losses from Investment Activities (-)	32	-	-
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		**55.350.172**	**40.941.288**
Financial Income	33	9.189.434	11.281.051
Financial Expenses (-)	33	(14.703.162)	(5.956.758)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**49.836.444**	**46.265.581**
Tax income/(expense)		**(11.783.711)**	**(10.256.465)**
- Current income tax expense	35	(10.608.833)	(4.058.896)
- Deferred tax income	35	(1.174.878)	(6.197.569)
PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		38.052.733	36.009.116
PROFIT / (LOSS) FOR THE PERIOD		38.052.733	36.009.116
Attributable to:		38.052.733	36.009.116
Non-Controlling Interests		12.903.083	12.463.971
Equity Holders of the Parent		25.149.650	23.545.145
Earnings Per Share	36	0,838322	0,784838
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit/loss		**(84.944)**	**(21.877)**
Gains/(losses) on remeasurements of defined benefit plans	27	(106.180)	(27.347)
Taxes relating to other comprehensive income not to be reclassified to profit/(loss)		21.236	5.470
- Deferred tax income/expense		21.236	5.470
Items to be reclassified to profit/loss	**27**	-	-
Currency translation differences		-	-
Gains/(losses) on cash flow hedges	27	-	-
OTHER COMPREHENSIVE INCOME/(LOSS)		**(84.944)**	**(21.877)**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**37.967.789**	**35.987.239**
Attributable to:		**37.967.789**	**35.987.239**
Non-Controlling Interests		12.860.357	12.463.971
Equity Holders of the Parent		25.107.432	23.523.268

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

							Items not to be reclassified to profit/loss		Items to be reclassified to profit/loss	Retained Earnings					
Audited Current Period	**Notes**	**Paid in share capital**	Adjustment to Share Capital	Repurchased Shares	Share Premium	Business Combinations Under Common Control	**Gains/(losses) on remeasurement of defined benefit plans**	**Other Gains/(Losses)**	**Currency Translation Differences**	**Restricted Reserves from Retained Earnings**	**Prior Years Income**	**Profit for the Period**	**Equity Holders of the Parent**	**Non Controlling Interests**	**Total Equity**
Balances at 01.01.2020	27	**30.000.000**	1.241.463	(810.827)	3.229.361	-	**(65.066)**	-	**1.940.310**	**10.513.622**	**54.553.949**	**23.545.145**	**124.147.957**	**77.889.984**	**202.037.941**
Transfers		-	-	-	-	-	-	-	-	-	*23.545.145*	*(23.545.145)*	-	-	-
TotalComprehensiveIncome		-	-	-	-	-	**(42.218)**	-	-	-	-	**25.149.650**	**25.107.432**	**12.860.357**	**37.967.789**
-NetProfit/LossforthePeriod		-	-	-	-	-	-	-	-	-	-	*25.149.650*	*25.149.650*	*12.903.083*	*38.052.733*
OtherComprehensiveIncome		-	-	-	-	-	(42.218)	-	-	-	-	-	(42.218)	(42.726)	(84.944)
Capital Increases		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business Combinations Under Common Control		-	-	-	-	(11.913.128)	-	-	-	-	-	-	(11.913.128)	(40.877.719)	(52.790.847)
Transactions with share based payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at 31.12.2020	27	**30.000.000**	1.241.463	(810.827)	3.229.361	(11.913.128)	**(107.284)**	-	**1.940.310**	**10.513.622**	**78.099.094**	**25.149.650**	**137.342.261**	**49.872.622**	**187.214.883**
Restated and Unreviewed Prior Period															
Balances at 01.01.2019	27	**30.000.000**	1.241.463	(810.827)	3.229.361	-	**(54.755)**	-	**1.940.310**	**10.513.622**	**36.678.534**	**17.875.415**	**100.613.123**	**77.437.579**	**178.050.702**
Transfers		-	-	-	-	-	-	-	-	-	*17.875.415*	*(17.875.415)*	-	-	-
TotalComprehensiveIncome		-	-	-	-	-	**(10.311)**	-	-	-	-	**23.545.145**	**23.534.834**	**12.452.405**	**35.987.239**
-NetProfit/LossforthePeriod		-	-	-	-	-	-	-	-	-	-	*23.545.145*	*23.545.145*	*12.463.971*	*36.009.116*
OtherComprehensiveIncome		-	-	-	-	-	*(10.311)*	-	-	-	-	-	*(10.311)*	*(11.566)*	*(21.877)*
Capital Increases		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	(12.000.000)	(12.000.000)
Business Combinations Under Common Control		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with share based payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at 31.12.2019	27	**30.000.000**	1.241.463	(810.827)	3.229.361	-	**(65.066)**	-	**1.940.310**	**10.513.622**	**54.553.949**	**23.545.145**	**124.147.957**	**77.889.984**	**202.037.941**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited Current Period 01.01.2020-31.12.2020	Restated Audited Prior Period 01.01.2019-31.12.2019
A) CASH FLOWS FROM OPERATING ACTIVITIES		**(12.175.992)**	**(84.571.883)**
Profit for the Period		38.052.733	36.009.116
Adjustments to reconcile profit for the period to cash generated from operating activities:		**6.040.025**	**83.450**
Depreciation and amortisation	17-18-19	1.463.417	1.352.877
Adjustments for impairment loss/(reversal of impairment loss)		**2.743.462**	**351.525**
Adjustments for receivables impairment (reversal)	10	291.188	201.975
Adjustments for inventory impairment (reversal)	13	2.452.274	149.550
Adjustments for provisions		**(2.580.978)**	**3.417.950**
Adjustments for provisions for employee benefits (reversal)	24	291.420	271.352
Adjustments for provisions for lawsuits and penalties	22	2.986	(54.903)
Adjustments for other provisions (reversal)	22	(2.875.384)	3.201.501
Adjustments for interest income/expense		**(698.778)**	**(16.356.696)**
Adjustments for interest income	31-33	(19.561.613)	(25.154.571)
Adjustments for interest expenses	31-33	22.764.398	14.920.560
Deferred Financial Expense from Term Purchases	10	(232.887)	534.813
Unrealised Financial Income from Term Sales	10	(3.668.676)	(6.657.498)
Adjustments for tax income/expense	35	**11.783.711**	**10.256.465**
Other adjustments to reconcile profit for the period	26	**(6.670.809)**	**1.061.329**
Changes in Working Capital		**(44.976.545)**	**(114.311.295)**
Adjustments for Gains/Losses in Trade Receivables	10	(31.530.147)	(60.306.559)
Adjustments for Gains/Losses In Other Receivables Related To Operations	11	(24.365)	(329.759)
Gains/Losses from Inventories	13	(49.086.349)	(58.904.791)
Adjustments for losses/(gains) in Trade Payables	10	37.110.717	5.253.186
Adjustments for Gains/Losses In Trade Payables Related To Operations	11	(1.446.401)	(23.372)
Cash flows from Operating Activities		**(883.787)**	**(78.218.729)**
Payments Within Provisions Related To Employee Benefits	24	(71.763)	(121.782)
Income Taxes Refund/Paid	35	(11.447.680)	(3.009.358)
Other Cash Inflows (Outflows)		227.238	(3.222.014)
B) CASH FLOWS FROM INVESTING ACTIVITIES		(52.961.885)	**(297.305)**
Cash Inflows from Acquisition of Other Entities, Funds and Debt Instruments		(52.775.640)	
Cash inflows from sale of property, plant and equipment and intangible asset	18-19	-	
Cash inflows from sale of property, plant and equipment		-	-
Cash inflows from sale of intangible assets		-	-
Cash outflows from purchase of property, plant and equipment and intangible assets		**(186.245)**	**(297.305)**
Cash outflows from purchase of property, plant and equipment	18	(170.245)	(297.305)
Cash outflows from purchase of intangible assets	19	(16.000)	-
Investment Properties (-)	17	-	-
C) CASH FLOWS FROM FINANCING ACTIVITES		61.895.213	33.436.450
Cash inflows from borrowings	8	504.023.064	184.961.416
Cash inflows from loans	8	504.023.064	184.961.416
Cash outflows from repayments of borrowings	**8**	**(442.610.336)**	**(147.733.202)**
Cash outflows from loan repayments	8	(442.610.336)	(147.733.202)
Cash outflows from payments of lease liabilities		(1.635.772)	(1.216.219)
Dividends paid		-	(12.000.000)
Interest paid	32-33	2.118.257	9.424.455
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUİVALENTS		**(3.242.664)**	**(51.432.738)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(3.242.664)**	**(51.432.738)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERİOD	6	23.948.343	75.381.081
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	20.705.679	23.948.343

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

NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Datagate Bilgisayar Malzemeleri Ticaret A.Ş. ("the Company") was established on 1992 in Turkey. Datagate's business activities include engaging in the representation, sales, distributorship, marketing, logistics, and after sales services of many IT producer supplying IT components such as microprocessors, hard discs, memory units, optical units, motherboards, tapes, video accelerator cards, monitors, various types of hardware supporting software. The Company is listed in BIST on February 2006, and equity securities are on the BIST Main Market.

As of 31 December 2020, 2019 and 2018 the principal shareholders and their shareholding rates in Datagate is as follows: İndeks Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş. 59,24% (Unlisted 49,24% and listed 10% and total of 59,24%), Tayfun Ateş 5,00% , Listed 35,75% and Other 0,01%.

Datagate's effective ownership interest rate has changed following the acquisition of 49,13% of Despec Bilgisayar Pazarlama ve Ticaret A.Ş shares on 12.03.2020 and nature of business of the Company is consumer electronics and telecom.

As of 31 December 2020 and 2019, the subsidiary included in the consolidation scope of Datagate is as follows:

Subsidiary	Nature of Business	Capital	Direct Ownership Held by Datagate %	Indirect Ownership Held by Datagate %
Despec Bilgisayar Pazarlama ve Ticaret A.Ş	Consumer Electronics and Telecom	TL 23.000.000	49,13%	49,13%

Total end of period and average number of personnel employed by the Datagate is 67 (31 December 2019: 63). All personnel of the Company are administrative personnel.

The registered address of Datagate is as follows:

Ayazağa Mah. Mimar Sinan Sok. No: 21 Seba Office Boulevard D Blok Kat:1 Bölüm No:10 PK: 34485 Ayazağa/Sarıyer/İSTANBUL. The Company's head office is in Istanbul. In addition, the Company has a branch in Ankara.

The registered address of Ankara branch is as follows:

Çetin Emeç Bulvarı Öveçler 4.Cadde No:4/9 Dikmen/ANKARA

The accompanying consolidated financial statements and related notes of the Company and its Subsidiary together referred as the "Group".

NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.01 Basis of Presentation

Datagate Bilgisayar Malzemeleri Ticaret A.Ş. maintains their books of account and prepares their statutory consolidated financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The accompanying consolidated financial statements have been prepared in accordance with the provisions of Capital Markets Board ("CMB") Communiqué No: II-14.1- "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") in the Official Gazette numbered 28676 dated June 13, 2013 reference to Article 5 of the Public Oversight Accounting and Auditing Standards Board ("POA") that have been put into force by Turkey Accounting Standards and interpretations related to these additional ("TAS") are considered.

The accompanying consolidated financial statements have been prepared in accordance with Communiqué No: II-14.1 and consolidated financial statements and notes are presented in accordance with the formats required by the CMB dated on 7 June 2013. In addition, the consolidated financial statements were published by POA with the decision numbered 30 on June 2, 2016 and together with the changes in TFRS 15 Revenue from Contracts with Customers and TFRS 16 Leases standards, it was presented in accordance with the "Announcement regarding to TAS Taxonomy", or "TFRS 2019" which was published on April 15, 2019.

These consolidated financial statements as of and for the year ended 31 December 2020 have been approved for issue by the Board of Directors ("BOD") on 16 February 2021. These financial statements will be finalised following their approval in the General Assembly

Functional and Presentation Currency (USD amounts presented in the consolidated financial statements)

The functional and presentation currency of Datagate Bilgisayar Malzemeleri Ticaret A.Ş. determined as USD until 30 June 2013 due to the operations of the Group, in accordance with Turkish Accounting Standards No. 21 ("TAS"), "The Effects of Changes in Foreign Exchange Rates". Since the operations of the Group have changed significantly in TL since 1 July 2013, the consolidated financial statements are presented in TL, which is Datagate's functional and presentation currency.

2.02 Dealing with the Inflation Effects in Hyper-Inflationary Periods

Before the related legislation of Turkish Commercial Code no. 6102 and the Decree Law no. 660, Capital Markets Board ("CMB"), a decision which was taken on 17 March 2005, companies operating in Turkey and for companies that prepare consolidated financial statements in accordance with CMB Accounting Standards, it is not necessary the inflation accounting application, to be effective from January 1, 2005 as announced, as of this date Turkey Accounting Standard 29 "Financial Reporting in Hyper inflationary Economies" practice of preparation and presentation of the consolidated financial statements has ended.

2.03 Basis of Consolidation

Subsidiary is company over which Datagate has the power to control the financial and operating policies for the benefit of Datagate, either (a) through the power to exercise more than 50% of voting rights relating to the shares in the companies as a result of the ownership interest owned directly and indirectly by itself, and/or by certain Datagate members and companies owned by them where by Datagate exercises control over the ownership interest of the shares held by them and shares to be used according to Datagate preferences; or (b) although not having the power to exercise more than 50% of the ownership interest, Datagate has power to control the investee due to the dispersed capital structure of the investee and/or Datagate has rights or is exposed to variable returns from its involvement with the investee and when at the same time it has the power to affect these returns through its power over the investee.

The balance sheets and income statements of the Subsidiary are consolidated on a line-by-line basis and the carrying value of the investment held by Datagate and its Subsidiary is eliminated against the related equity. Intercompany transactions and balances between Datagate and its Subsidiary are eliminated during the consolidation. The nominal amount of the shares held by Datagate in its Subsidiary dividends are eliminated from equity and income for the period, respectively.

Non controlling interests include the share option under non controlling interest in the subsidiary' net assets and operating results for the period. The amounts are presented separately from the balance sheet and statement of income. The obligation of non controlling interest exceeds more than the non controlling interest belonging to the interests of subsidiary, if the non controlling interest has no binding obligations, the benefits of non controlling interest may result against the interests of the majority.

Business Combinations Under Common Control- Acquisition Method of Entity

In accordance with the investment and growth plans, Datagate's effective ownership interest rate has changed following the acquisition of 49,13% of Despec Bilgisayar Pazarlama ve Ticaret A.Ş of 11.300.994 number of shares, Desbil Teknolojik Ürünler A.Ş., N. Erol Bilecik and other shareholders shares purchased at the unit amount of TL 4,67 total TL 52.775.640 on 12 March 2020.

In scope of "Business Combinations Under Common Control-Recognition" announed by POA published on Official Gazette on 21 July 2013, the pooling of interest method is applied, while the consolidated financial statements will be corrected as and the business combination was realized as of the 1 January 2020 in which the joint control was formed and presented comparatively from the beginning of the reporting period when the joint control was established in order to eliminate the possible asset-liability mismatch that may occur due to the business combination subject to joint control. Therefore, "Business Combinations Under Common Control" will be utilised as to be offset under equity.

The 4.000 number shares within total number of 11.300.994 shares are Class A shares and remaining shares are Class B shares. Datagate Bilgisayar Malzemeleri Ticaret A.Ş has also acquired the 4.000 Class A shares of Despec

Bilgisayar ve Pazarlama Malzemeleri A.Ş. Class A shares have concession on the election of Board of Directors. Board of Directors of Despec Bilgisayar ve Pazarlama Malzemeleri A.Ş is selected from 5 or 6 members in case of 5 or 6 members, 5 members in case of 7 or 8 members, 6 members in case of 9 members from among the candidates nominated by the Class A shareholders of the Group.

Subsidiary	Nature of Business	Capital	Direct Ownership Held by Datagate %	Indirect Ownership Held by Datagate %
Despec Bilgisayar Pazarlama ve Ticaret A.Ş	Consumer Electronics and Telecom	TL 23.000.000	49,13%	49,13%

The balance sheets and income statements of the Subsidiary are consolidated on a line-by-line basis and the carrying value of the investment held by Datagate and its Subsidiary is eliminated against the related equity. Intercompany transactions and balances between Datagate and its Subsidiary are eliminated during the consolidation.

In scope of "Business Combinations Under Common Control Recognition" restated retrospectively for comparison and comparative consolidated financial statements as follows:

	Reported as of 31 December 2018 Datagate A.Ş	31.12.2018 Despec A.Ş.	Adjustments	Restated as of 31.12.2018 Consolidated
ASSETS				
Current Assets	**210.552.753**	**117.300.441**	-	**327.853.194**
Cash and Cash Equivalents	73.944.275	1.540.700	-	75.484.975
Financial Investments	-	83.407	-	83.407
Trade Receivables	121.964.759	83.753.859	-	205.718.618
Other Receivables	7.770	40.776	-	48.546
Derivative Instruments	-	-	-	-
Inventories	11.450.529	27.981.668	-	39.432.197
Prepaid Expenses	1.465.578	2.121.428	-	3.587.006
Current Income Tax Assets	255.860	-	-	255.860
Other Current Assets	1.463.982	1.778.603	-	3.242.585
Non Current Assets	**18.095.654**	**2.159.097**	-	**20.254.751**
Trade Receivables	3.604.399	-	-	3.604.399
Investment Properties	-	247.210	-	247.210
Property, Plant and Equipment	118.251	218.729	-	336.980
Intangible Assets	538.193	427.938	-	966.131
Deferred Tax Assets	13.834.811	1.265.220	-	15.100.031
TOTAL ASSETS	**228.648.407**	**119.459.538**	-	**348.107.945**
LIABILITIES				
Current Liabilities	**124.216.990**	**41.626.976**	-	**165.843.966**
Short Term Borrowings	31.737.716	12.824.836	-	44.562.552
Short Term Portion of Long Term Borrowings	27.130.066	-	-	27.130.066
Trade Payables	41.954.875	23.413.390	-	65.368.265
Employee Benefits Payables	84.001	65.138	-	149.139
Other Payables	1.463.588	458.668	-	1.922.256
Derivative Instruments	-	1.073.209	-	1.073.209
Deferred Income	3.805.020	296.471	-	4.101.491
Current Income Tax Liabilities	-	214.011	-	214.011
Short Term Provisions	18.041.724	3.281.253	-	21.322.977
Non Current Liabilities	**3.818.294**	**394.983**	-	**4.213.277**
Long Term Borrowings	3.604.399	-	-	3.604.399
Long Term Provisions for Employee Benefits	213.895	394.983	-	608.878
EQUITY	**100.613.123**	**77.437.579**	-	**178.050.702**
Equity Holders of the Parent	**100.613.123**	**77.437.579**	**(77.437.579)**	**100.613.123**
Paid in Share Capital	30.000.000	23.000.000	(23.000.000)	30.000.000
Adjustment to Share Capital	1.241.463	437.133	(437.133)	1.241.463
Repurchased Shares (-)	(810.827)	-	-	(810.827)
Share Premium	3.229.361	2.967.707	(2.967.707)	3.229.361
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss	(54.755)	(114.808)	114.808	(54.755)
Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss	1.940.310	606.110	(606.110)	1.940.310
Business Combinations Under Common Control	-	-	-	-
Restricted Reserves From Retained Earnings	10.513.622	8.526.418	(8.526.418)	10.513.622
Prior Years Income	36.678.534	21.215.589	(21.215.589)	36.678.534
Net Profit for the Period	17.875.415	20.799.430	(20.799.430)	17.875.415
Non-Controlling Interests	-	-	77.437.579	77.437.579
TOTAL LIABILITIES AND EQUITY	**228.648.407**	**119.459.538**	-	**348.107.945**

2.04 Comparatives and Adjustment of Prior Period Financial Statements

ASSETS	Reported as of 31 December 2019 Datagate A.Ş	31.12.2019 Despec A.Ş.	Adjustments	Restated as of 31.12.2019 Consolidated
Current Assets	**264.600.437**	**147.916.921**	**(17.936)**	**412.499.422**
Cash and Cash Equivalents	21.446.235	2.505.542	-	23.951.777
Financial Investments	-	135.519	-	135.519
Trade Receivables	180.492.497	95.610.538	(17.936)	276.085.099
Other Receivables	5.673	372.632	-	378.305
Derivative Instruments	-	153.862	-	153.862
Inventories	56.566.609	41.620.829	-	98.187.438
Prepaid Expenses	4.790.018	5.679.401	-	10.469.419
Current Income Tax Assets	82.551	-	-	82.551
Other Current Assets	1.216.854	1.838.598	-	3.055.452
Non Current Assets	**9.944.359**	**3.116.223**	-	**13.060.582**
Trade Receivables	-	-	-	-
Investment Properties	-	242.530	-	242.530
Property, Plant and Equipment	204.679	114.909	-	319.588
Right of Use Assets	1.734.709	977.972	-	2.712.681
Intangible Assets	491.948	385.903	-	877.851
Deferred Tax Assets	7.513.023	1.394.909	-	8.907.932
TOTAL ASSETS	**274.544.796**	**151.033.144**	**(17.936)**	**425.560.004**
LIABILITIES				
Current Liabilities	**148.877.304**	**71.926.959**	**(17.936)**	**220.786.327**
Short Term Borrowings	70.895.633	37.500.781	-	108.396.414
Short Term Portion of Long Term Borrowings	5.580.603	-	-	5.580.603
Trade Payables	41.284.873	29.889.327	(17.936)	71.156.264
Employee Benefits Payables	360.737	115.293	-	476.030
Other Payables	1.745.977	152.907	-	1.898.884
Derivative Instruments	-	-	-	-
Deferred Income	6.018.496	1.526.512	-	7.545.008
Current Income Tax Liabilities	-	1.263.549	-	1.263.549
Short Term Provisions	22.990.985	1.478.590	-	24.469.575
Non Current Liabilities	**1.519.535**	**1.216.201**	-	**2.735.736**
Long Term Borrowings	1.224.109	725.832	-	1.949.941
Long Term Provisions for Employee Benefits	295.426	490.369	-	785.795
EQUITY	**124.147.957**	**77.889.984**	-	**202.037.941**
Equity Holders of the Parent	**124.147.957**	**77.889.984**	**(77.889.984)**	**124.147.957**
Paid in Share Capital	30.000.000	23.000.000	(23.000.000)	30.000.000
Adjustment to Share Capital	1.241.463	437.133	(437.133)	1.241.463
Repurchased Shares (-)	(810.827)	-	-	(810.827)
Share Premium	3.229.361	2.967.707	(2.967.707)	3.229.361
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss	(65.066)	(126.374)	126.374	(65.066)
Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss	1.940.310	606.110	(606.110)	1.940.310
Business Combinations Under Common Control	-	-	-	-
Restricted Reserves From Retained Earnings	10.513.622	9.611.418	(9.611.418)	10.513.622
Prior Years Income	54.553.949	28.930.019	(28.930.019)	54.553.949
Net Profit for the Period	23.545.145	12.463.971	(12.463.971)	23.545.145
Non-Controlling Interests	-	-	77.889.984	77.889.984
TOTAL LIABILITIES AND EQUITY	**274.544.796**	**151.033.144**	**(17.936)**	**425.560.004**

	Notes	Reported as of 31.12.2019	01.01.2019-31.12.2019 Despec	Adjustments	Restated 01.01.2019 - 31.12.2019 Consolidated
PROFIT OR LOSS					
Revenue	28	751.359.803	280.482.155	(1.041.123)	1.030.800.835
Cost of Sales (-)	28	(715.493.261)	(255.720.098)	1.041.123	(970.172.236)
GROSS PROFIT/(LOSS) FROM FINANCIAL OPERATIONS		**35.866.542**	**24.762.057**	-	**60.628.599**
GROSS PROFIT/(LOSS)		**35.866.542**	**24.762.057**	-	**60.628.599**
General Administrative Expenses (-)	29	(7.206.485)	(5.595.833)	-	(12.802.318)
Marketing, Sales and Distribution Expenses (-)	29	(7.566.199)	(5.155.144)	-	(12.721.343)
Other Operating Income	31	9.579.724	18.689.946	(386)	28.269.284
Other Operating Expenses (-)	31	(8.989.479)	(13.449.908)	386	(22.439.001)
OPERATING PROFIT / (LOSS) FROM CONTINUING OPERATIONS		**21.684.103**	**19.251.118**	-	**40.935.221**
Gains from Investment Activities	32	-	6.067	-	6.067
Losses from Investment Activities (-)	32	-	-	-	-
OPERATING PROFIT BEFORE FINANCIAL İNCOME/(EXPENSE)		**21.684.103**	**19.257.185**	-	**40.941.288**
Financial Income	33	10.683.376	597.675	-	11.281.051
Financial Expenses (-)	33	(2.064.561)	(3.892.197)	-	(5.956.758)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**30.302.918**	**15.962.663**	-	**46.265.581**
Tax income/(expense)		**(6.757.773)**	**(3.498.692)**	-	**(10.256.465)**
- Current income tax expense	35	(433.407)	(3.625.489)	-	(4.058.896)
- Deferred tax income	35	(6.324.366)	126.797	-	(6.197.569)
Attributable to:		**23.545.145**	**12.463.971**	-	**36.009.116**
Non-Controlling Interests		-	-	12.463.971	12.463.971
Equity Holders of the Parent		23.545.145	12.463.971	(12.463.971)	23.545.145
Earnings Per Share	36	0,784838	0,415466	-	0,784838

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements. The effects of restated financial statements in scope of "Business Combination under Common Control" are included in Note 2.03. The Group has no adjustments and corrected amounts compare to prior period except for Note 2.03.

2.05 Offsetting

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

2.06 Changes in Accounting Policies

Whether there are changes and errors in accounting policies and accounting estimates, the amended significant changes and the identified significant accounting errors are implemented retrospectively and the previous periods Group's consolidated financial statements are adjusted. Whether the changes are amended in accounting policies effect the previous periods, aforementioned policy is implemented retrospectively to the consolidated financial statements as it had been used in.

Transition to TFRS 16, "Leases"

TFRS 16 "Leases" Standard was published by the POA on 13 January 2016. It replaces the existing TAS 17 "Leases", TFRIC 4 "Determining Whether an Arrangement Contains a Lease" and SIC-15 "*Operating Leases – Incentives*", and replaces the TAS 40 "*Investment Properties*" Standard. TFRS 16 eliminates the dual-accounting method of leasing transactions that are the current application in terms of lessees and monitoring of off-balance sheet commitments. Instead, a single balance sheet-based accounting model is presented for all leases, similar to the current financial leasing accounting. In this context, the "Lease Liabilities" amount, which is calculated as the present value of lease payments to be made during the lease period in relation to the lease contracts over 12 months, is recognized in the liabilities of the "Right of Use Assets" in the liabilities part of the balance sheet. The amount recognized as "Right of Use Assets" is subject to depreciation according to the contract period.

2.07 Changes in Accounting Estimates and Errors

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in circumstances, estimating new information or additional developments. If changes in accounting forecasts are related to only one period, amendments are made in the current period. If amendments are related to the forthcoming periods, changes are applied in both current period and forthcoming periods.

The nature and amount of a change in the accounting estimate, which has an impact on the outcome of the current period or is expected to have an impact on subsequent periods, is disclosed in the notes to the consolidated financial statements, except when the estimation of the effect on the future periods is not possible.

The Group management uses the actuarial assumptions used in the calculation of useful lives of property, plant and equipment and intangible assets, the actuarial assumptions used in the calculation of employment termination benefits, the provisions to be allocated for the lawsuits and execution proceedings in favor of or against the Group, and the determination of the inventory impairment.

Explanations on the estimates used are included in the related notes is as follows and there are no changes in the accounting estimates expected to have an impact on the results of operations in the current period.

TAS 21 "The Effects of Changes in Foreign Exchange Rates" outlines how to account for foreign currency transactions and operations in consolidated financial statements, and also how to translate consolidated financial statements into a presentation currency. The Group Management determines the presentation currency that most affects the sales of goods and services, the currency in which the labor expenses are realized, the currency of the cash generated from the financing activities, and taking into account the expected future changes in these factors.

The Group Management reviews the accounting estimates regarding the functional currency and the policies applied in each balance sheet date.

Significant Accounting Estimates and Assumptions

Preparation of the consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management's existing incidents and operations, they may differ from the actual results.

Estimates and assumptions that may cause significant adjustments in the book value of assets and liabilities in the next financial reporting period are as follows:

a) Provision for employment termination benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates) These assumptions are reviewed at each balance sheet date and revised if deemed necessary **(Note:24)**

b) The Group depreciates its property, plant and equipment and intangible assets on a straight-line basis over their useful lives. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates. **(Note 18-19)**

c) On the provision for lawsuits in **Note 22**, the probability of losing these cases regarding collecting the receivables and the consequences to be faced if these cases are lost evaluated in accordance with the opinions of the Group's legal counsel as of 31 December 2020 and 2019. The Group obtains letters of guarantee from companies it deems necessary and risky in order to prevent doubtful trade receivables

- Inventories are valued at the lower of cost or net realisable value. For determination of inventory impairment, the technological obsolescence of the products in the Group's inventories are also taken into consideration **(Note 13)**

- The Group obtains premiums at pre-determined rates from sales or purchases from the companies that have distributorship agreement. Accrued premiums are recognized as income on the basis of progress payment **(Note 26)**

2.08 Summary of Significant Accounting Policies

Accounting policies used in the preparation of consolidated financial statements are summarised below:

2.08.01 Revenue Recognition

Revenue is recognized when the amount of income can be determined reliably and it is probable that there will be an inflow of economical benefits concerning the transactions to the Group or it is accrued over the fair value of the receivable amount. Revenue is accounted for in the consolidated financial statements in accordance with TFRS 15 within the scope of the five-stage model below.

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

The majority of the Group's purchases are made directly from the manufacturers. According to the market conditions, the price differences that may occur in the prices are met by the manufacturer firms. Apart from this, the damage costs related to the products containing the production error are paid to the group by the manufacturer. In addition, in the public and private sectors, special prices are received from the manufacturers and the companies operating in these sectors are priced with the most favorable conditions. Depending on the dynamic and changing nature of the IT sector, new products and technologies are directly supported by the direct manufacturers.

In the event that the pending products are sold below the purchase price in case of demand by the marketing strategies of the manufacturers, payment is made by the manufacturer companies under the name of inventory protection. These payments are deducted from the inventory cost. On the other hand, turnover premiums received based on sales are recognized as revenue by adding to the sales amount.

Interest income is accrued in the relevant period in proportion to the remaining principal balance and the effective interest rate that reduces the estimated cash inflows from the related financial asset to the book value of that asset.

Rental income from real estates is recognized in accordance with the straight-line method throughout the relevant lease agreement. If there is a significant financing element in sales, the fair value is determined by reducing the future cash flows with the hidden interest rate recognized in the consolidated financial statements. The difference is reflected in the consolidated financial statements on accrual basis.

2.08.02 Inventories

Inventories are valued at the lower of cost or net realisable value. The Group's inventories include mobile devices, airtime minutes, sim card and information technologies. The cost of inventories is calculated by FIFO method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

In addition, the Group allocates provision of a net realizable value for the value of the goods in the post-balance sheet period. **(Note: 13)**

2.08.03 Property, plant and equipment and related depreciation

Property, plant and equipments are carried at cost less accumulated depreciation as of December 31, 2004 for the items purchased before 01 January 2005 and for the items purchased as of January 1, 2005, less the accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Economic Useful Lives (year)
- Machinery and Equipment	5
- Furniture and Fixtures	4-5
- Motor Vehicles	2-5
- Leasehold Improvements	5

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/losses from investing activities" in the current period.

Repairs and maintenance expenses are charged to the income statements during the period in which they are incurred. Machinery and equipment are capitalised and amortised when their capacity is fully available for use.

2.08.04 Intangible assets and related amortisation

Intangible assets comprise assets acquired through computer programs and rights. There is no intangible asset that is formed within the structure of the Group.

Intangible assets acquired before 1 January, 2005 are carried at acquisition costs adjusted for inflation; whereas those purchased in and purchased after 2005 are carried forward at their acquisition cost less accumulated amortization.

They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives for 3-15 years. Intangible assets are reviewed for impairment at each balance sheet date. If the carrying amount of an intangible asset exceeds its estimated recoverable amount, the carrying amount is reduced to its recoverable amount. There is no provision for impairment on intangible assets.

2.08.05 Impairment of Assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization. An impairment test is applied to these assets each year. For assets subject to amortization, impairment test is applied if the book value cannot be recovered. An impairment loss is recognized if the carrying amount of the asset exceeds the 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. Non-financial assets except goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.08.06 Research and Development Costs

None.

2.08.07 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement. The financing costs of borrowings attributable to ongoing investments (interest expenses and foreign exchange losses based on the difference between the TL benchmark interest and interest regarding the foreign currency denominated loans) are capitalised until the completion of the investments. The Group does not have capitalized financing costs during the period.

2.08.08 Financial Instruments

i. Financial Assets-Classification and Meausurement

A financial asset is recognized for the first time in its consolidated financial statements:

a) Financial instruments measured at amortised cost
b) Debt instruments at fair value ("FV") through other comprehensive income;
c) Equity instruments at fair value ("FV") through other comprehensive income
d) Financial instruments at fair value ("FV") through profit or loss

For financial assets, reclassification is required between FVTPL, FVTOCI and amortised cost, if and only if the entity's business model objective for its financial assets changes so its previous model assessment would no longer apply. If reclassification is appropriate, it must be done prospectively from the reclassification date which is defined as the first day of the reporting period following the change in business model.

A debt instrument that meets the following two conditions must be measured at FVTOCI unless the asset is designated at FVTPL under the fair value option.

Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

Cash flow characteristics: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument at FV through other comprehensive income if both of the following conditions are met and the FV is not classified as measured by the difference in profit or loss:

- The retention of the financial asset based on a business model aimed at collecting contractual cash flows and selling financial assets;

- The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

All financial assets that are not measured by the above mentioned amortised cost or measured at FV through other comprehensive income are measured at FV through profit or loss. These include all derivative financial assets. In the event that financial assets are recognized for the first time in their consolidated financial statements; an irreversible amount of a financial asset is measured at fair value through profit or loss provided that it eliminates or substantially reduces an accounting mismatch arising from the different measurement of financial assets and the gain or loss related to them in the consolidated financial statements.

In the first measurement of the financial assets other than the fair value changes that are reflected to the profit or loss (except for the trade receivables that are measured at the transaction cost and not having an important financing component at the time of the consolidated financial statements), the transaction costs directly attributable to the acquisition or issuance thereof are also added to the fair value.

Assesing the cash flow characteristics also includes an analysis of changes in the timing or in the amount of payments. It is necessary to assess whether the cash flows before and after the change represent only repayments of the nominal amount and an interest based on them.
The right of termination may for example be in accordance with the cash flow condition if, in the case of termination, the only outstanding payments consists of principal and interest on the principal amount and an appropriate compensation payment where applicable.

A debt instrument that meets the following two conditions must be measured at FVTOCI unless the asset designated at FVTPL under the fair value option.

Business model test: The financial asset is held within a business model whose objective is achived by both collecting contractual cash flows and selling financial assets.

Cash flow characteristics: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and principal amount outstanding.

ii. Impairment of Financial Assets

In accordance with TFRS 9, "Expected Credit Loss" model is applied. The new impairment model applies to financial assets and contractual assets measured at amortized cost but is not applied to investments on equity instruments.

Financial assets measured at amortized cost consist of trade receivables, other receivables and cash and cash equivalents. The provisions for trade receivables, other receivables, other assets and contractual assets are always measured at an amount equal to the expected credit losses for life. When determining whether the credit risk in a financial asset has increased substantially since its adoption in the consolidated financial statements and the expected credit losses are estimated, reasonable and supportable information that can be obtained without incurring excessive costs or efforts is taken into consideration. These include qualitative and quantitative information and analyzes and forward-looking information based on the Group's past experience and informed credit evaluations.

Credit-impaired financial asset

The Group assesses whether the financial assets measured at amortized cost are diminished in each reporting period. Under TFRS 9 a financial asset is credit-impaired when one or more events that have occurred and have a significant impact on the expected future cash flow of the financial asset. It includes observable data that has come to the attention of the holder of a financial asset about following events:

- significant financial diffuculty of the issuer or borrower;
- a breach of contract, such as a default or past-due event;
- the lenders for economic or contractual reasons relating to the borrower's financial diffuculty granted the borrower a concession that would not otherwise be considered;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disapperance of an active market for the financial asset because of financial difficulties.

Presentation

In the case of a financial asset that is not purchased or originated credit-impaired financial asset and for which there is no objective evidence of impairment at the reporting date, interest revenue is calculated by applying the effective interest rate method to the gross carrying amount.

Derecognition

If there is no reasonable expectation to recover a cash flow higher than the financial asset, the gross amount of the financial asset is deducted from the records. This is generally the case when the Group determines that the borrower does not have sufficient sources of income or assets that can repay the amounts subject to the reversal. However, the financial assets that are derecognized may still be subject to sanction activities applied by the Group for the recovery of past due receivables.
Financial assets are deducted from the records if there is no expectation of recovery (such as the debtor does not make any repayment plans with the Group). The Group continues to exercise sanctions in order to recover the receivables of trade receivables, other receivables, other assets and contract assets. The recovery amounts are recognized in consolidated statement of income.

2.08.09 Foreign Currency Translation

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group companies operating in the non-finance sectors, have been accounted for under "other operating income/expenses" whereas foreign exchange gains and losses resulting from the translation of other monetary assets and liabilities denominated in foreign currencies have been accounted for under "financial income/expenses" in the consolidated income statement. The Group sells goods in terms of foreign currency denominated purchases goods. Therefore, the Group has no currency risk during the period.

2.08.10 Earnings Per Share

Earnings per share disclosed in the consolidated income statement are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

2.08.11 Events After the Balance Sheet Date

Subsequent events cover all events that occur between the balance sheet date and the publication date of the consolidated financial statements. The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the consolidated financial statements, they are disclosed in the notes to the consolidated financial statements.

2.08.12 Provisions, Contingent Assets and Liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.08.13 Leases

Group - as a lessee

Finance Leases

A lease is classified as finance lease if it transfers substantially all the risks and rewards incident to ownership. An entity assesses the classification of each element as finance or an operating lease separately. At commencement of the lease term, finance leases should be recorded as an asset and liability at the lower of the fair value of the asset and the present value of the minimum lease payments (discounted at the interest rate implicit in the lease, if practicable, or else entity's incremental borrowing rate)

Finance lease payments should be apportioned between the finance charge and the reduction of the outstanding liability (the finance charge to be allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability.)

For operating leases, the lease payments should be recognized as an expense in the income statement over the lease term on a straight-line basis effective from 1 January 2019. Incentives for the agreement of a new agreement of a new or renewed operating lease should be recognized by the lessee as a reduction of the rental expense over the lease term.

TFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. TFRS 16 standard, in the liabilities of the "Lease Liability" amount calculated as the present value of the lease payments to be made during the lease term for the lease agreements with a maturity of more than 12 months and "Right of Use Assets" (Note: 18) requires an amount equal to the lease liabilities to be recognized in the assets of financial position statement. The amount recognized as "Right of Use Assets" is subject to depreciation according to the agreement period.

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group reflects a right of use assets and lease liabilities in the consolidated financial statements at the date when the lease term actually begins.

Right-of-use asset Group - as a lessee

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

a) The amount of the initial measurement of the lease liability,
b) Any lease payments made at or before the commencement date, less any lease incentives received,
c) Any initial direct costs incurred by the Group, and

When applying the cost model, Group measures the right-of-use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses; and
b) Adjusted for any remeasurement of the lease liability.

Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) Increasing the carrying amount to reflect interest on the lease liability,
b) Reducing the carrying amount to reflect the lease payments made, and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The interest on the lease liabilities for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liabilities. The periodic interest rate, if easily determined, is the implied interest rate on the lease. If this rate cannot be easily determined, the Group uses the Group's incremental borrowing interest rate.

Within the framework of the transition provisions in TFRS 16, no adjustments were made in the net assets before January 1, 2019. As of January 1, 2019, the amount of "Right of Use Assets" and "Lease Liability" were calculated for the remaining period by taking into consideration the contracts that have been due for more than 12 months.

Group - as a lessor

Operating Leases

All the leases that Group is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties, property, plant and equipment or other current assets in the consolidated balance sheet. Rental income is recognised in the consolidated statement of income on a straight-line basis over the lease term.

2.08.14 Related Parties

For the purpose of these consolidated financial statements, shareholders, parents of Datagate Bilgisayar A.Ş, key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, subsidiaries and joint ventures excluded from the scope of consolidation are considered and expressed as "related parties". The detailed explanation of related parties is disclosed in **Note 37**.

2.08.15 Government Grants

None.

2.08.16 Investment Properties

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation. Depreciation is provided for investment properties on a straight-line basis over their estimated useful lives. The investment properties of the Group comprise land and buildings. (Note 17)

2.08.17 Taxes on Income

Income tax expense (or income) is the sum of the current tax expense and the deferred tax expense (or income).

Current Tax

Current year tax liability is calculated over the taxable profit for the period. 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 excludes items that cannot be taxed or deducted. The Group's liability for current tax is calculated using legal statuory tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the consolidated financial statements and the amounts considered in the statutory tax base in accordance with the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liability or asset is not calculated in respect of temporary timing differences arising from the initial recognition of assets or liabilities other than goodwill or business combinations and which do not affect both commercial and financial profit /loss.

Deferred tax liabilities are calculated for all taxable temporary differences related to the investments in subsidiaries and associates and shares in joint ventures, except in cases where the Group is able to control the discontinuation of temporary differences and in the near future it is unlikely that such difference will be eliminated. Deferred tax assets resulting from taxable temporary differences related to such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available and that it is probable that future differences will be eliminated.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that financial profit will be available to allow the benefit of some or that entire amount.

Deferred tax assets and liabilities are calculated over the tax rates that are expected to be valid in the period when the assets are realized or the liabilities are fulfilled and legalized or substantially legalized as of the balance sheet date (tax regulations). During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Group expects to recover or settle the carrying amount of the assets as of the balance sheet date are taken into consideration

Deferred tax assets and liabilities are recognized when there is a legal right to offset current tax assets and current tax liabilities, or if such assets and liabilities are associated with the income tax collected by the same tax authority, or if the Group intends to pay off the current tax assets and liabilities.

Current and deferred tax for the period

The deferred tax, other than those directly attributable to debt or liability recognized in equity (in which case deferred tax is recognized directly in equity) or deferred tax, other than those arising from initial recognition of business combinations, is recognized as income or expense in the income statement. In business combinations, the tax effect is taken into consideration in the calculation of goodwill or in determining the part of the purchaser that exceeds the acquisition cost of the share of the acquiree's identifiable assets, liabilities and contingent liabilities in the fair value.

The taxes included in the consolidated financial statements include current period tax and the change in deferred taxes. The Group calculates current and deferred tax on the results for the period.

Offsetting in Tax Assets and Liabilities

The amount of corporate tax payable is netted because it is related to prepaid corporate tax amounts. Deferred tax assets and liabilities are also offset in the same way.

2.08.18 Employment Termination Benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections.

TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains / losses and recognised under other comprehensive income.

2.08.19 Statement of Cash Flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows generated from the Group's activities. Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).
Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.08.20 Income Accruals

Almost all of the products sold by the Group are of foreign origin. A portion of foreign purchases of some foreign companies or the companies from resident companies in Turkey are performed operations which are resident companies in Turkey. Depending on the realization of the targets given by the domestic or foreign companies, some costs are taken under the name of ad rebate," risturn", "sell out" and bonus names or deducted from current accounts. These values are recognized as credit note income accrual on the balance sheet asset by providing the targets or conditions given by the seller companies. These prices are deducted or collected from the current account with the documents issued by the vendors under rebate or, risturn, sell out, bonus, arranged documents under credit note "(or invoices issued by the Group).

2.08.21 Warranty Provisions

The Group serves the Turkey distributor of information technology products. The guarantees of the products sold are given by the companies appointed by the manufacturers. The products offered to us under warranty come from the dealers and are sent to the manufacturers or manufacturers appointed by the manufacturers for repair. For products that need to be replaced within the scope of warranty after repair, new products are given to the customers and the amount is billed to the manufacturers. The Group has no warranty provisions during the period.

2.09 New and Revised Turkish Financial Reporting Standards

New amendments and interpretations in force as of 31 December 2020:

Amendments to TFRS 3-Definition of Business;

Defining a business is important. This is because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business group of asset when applying TFRS 3. For making it easier for companies to decide whether activites and assets they acquire are a business or merely a group of assets. These amendments:

- Confirmed that a business must include inputs and a process and clarified that; the process must be substantive and the inputs and process must together significantly contribute to creating outputs.
- Narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Added a test that makes it easier to conclude that a Group has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

It is effective for annual reporting periods starting on January 1, 2020 or after this date. The mentioned amendment does not have a significant impact on the consolidated financial position and performance of the Group.

Amendments to TAS 1 and TAS 8 Definition of Materiality

The changes in *Definition of Material* (Amendments to TAS 1 and TAS 8) all relate to a revised definition of "material" which is in scope of Conceptual Framework from the final amendments.
It is effective for annual reporting periods starting on January 1, 2020 or after this date. The mentioned amendment does not have a significant impact on the consolidated financial position and performance of the Group.

Amendments to TFRS 9, TAS 39 and TFRS 7 - Benchmark interest rate reform;

These amendments provide certain facilitating practices regarding benchmark interest rate reform. These practices relate to hedge accounting, and the effect of the IBOR reform should generally not lead to the end of hedge accounting. However, any hedging ineffectiveness should continue to be recorded in the income statement. Considering the prevalence of hedge accounting in IBOR-based contracts, these facilitating practices will affect all companies in the industry.

The Board considered the pre-replacement issues to be more urgent and decided to address the following hedge accounting requirements in TFRS 9 and TAS 39 as a priority in the first phase of the project. A Group shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

The amendments affect the following areas:

- Highly probable requirement for cash flow hedges,
- Prospective assessment,
- TAS 39 retrospective assessment and,
- Seperately identifiable risk components.

All other hedge accounting requirements remain unchanged. It is effective for annual reporting periods starting on January 1, 2020 or after this date. The mentioned amendment does not have a significant impact on the consolidated financial position and performance of the Group.

Amendments to TFRS 16 'Leases - COVID 19 Related rent concessions';

In May 2020 the IASB provided a practical expedient that permits lessees (not lessors) to not assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions in profit or loss as if they were not lease modifications.The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

Amendments to TFRS 16 'Leases - COVID 19 Related rent concessions'; is effective for annual reporting periods starting on 1 June 2020 or after this date. Early application is permitted. Due to the COVID-19 outbreak, some privileges were provided by the Group to tenants in rent payments. The Group does not provide rent concessions related to COVID-19 before January 1, 2020.

Amendments to References to the Conceptual Framework in TFRS Standards

The IASB also issued *Amendments to References to the Conceptual Framework in TFRS Standards.* The document contains amendments to TFRS 2, TFRS 3, TFRS 6, TFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRIC 12, TFRIC 19, TFRIC 20, TFRIC 22 and SIC-32.

The amendments published are effective for annual periods beginning on or after 1 January 2022. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised *Conceptual Framework.*

New standards in force as of 31 December 2020 and changes and interpretations on existing previous standards:

TFRS 17 Insurance Contracts

TFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within scope of the standard. The objective of TFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of consolidated financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. TFRS 17, "Insurance Contracts"; effective for annual reporting periods starting on or after January 1, 2023. This standard replaces TFRS 4, which currently allows a wide variety of applications. According to the new standard, insurance liabilities will be accounted for using current values instead of historical cost.

TFRS 17 will fundamentally change the accounting of all businesses that issue insurance contracts and investment contracts with discretionary participation. TFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023. Early application is permitted. The change in question is not expected to have an impact on the consolidated financial position and performance of the Group.

Amendments to TAS 1, "Presentation of financial statements" standard regarding the classification of liabilities as Current or Non-Current;

The amendments affect only the presentation of liabilities (an obligation for at least twelve months within the reporting period) in the statement of of financial position not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items.

The amendments published are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 3 Reference to the Conceptual Framework

The update on the amendment is a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the standard significantly. The amendments published are effective for annual periods beginning on or after 1 January 2022.

Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier

Amendments to TAS 16 Property, Plant and Equipment – Proceeds before intended use

The standard prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments published are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 Onerous Contracts – Cost of Fulfilling a Contract

The standard specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item property, plant and equipment used in fulfilling the contract).

The amendments published are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements - 2018 – 2020 cycle

Amendments to TFRS 1 First-time adoption of international financial reporting standards

The amendment permits a subsidiary that applies D16(a) of TFRS 1, to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transtion to TFRSs.

Amendments to TFRS 9 Financial Instruments

The amendment clarifies which fees an entity includes when it applies the "10 percent test of TFRS 9 in assesing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amentments to TAS 41 Agriculture

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments of TFRS 1, TFRS 9 and TFRS 41 published are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

NOTE 3 BUSINESS COMBINATIONS

Current Period:

Datagate's effective ownership interest rate has changed following the acquisition of 49,13% of Despec Bilgisayar Pazarlama ve Ticaret A.Ş of 11.300.994 number of shares, Desbil Teknolojik Ürünler A.Ş., N. Erol Bilecik and other shareholders shares purchased at the unit amount of TL 4,67 total TL 52.775, 640 on 12 March 2020. Business combinations under common control should be accounted for pooling of interest method,

i) Therefore, goodwill should not be included in the consolidated financial statements,

ii) During the initial application of pooling of interest method, the consolidated financial statements should be corrected as if the business combination had taken place at the beginning of the reporting period in which the business combination under common control was performed and presented comparatively from the beginning of the reporting period in which the joint control was performed and

iii) Since it would be appropriate to consider the business combinations subject to joint control from the perspective of the parent company in the reflection of the consolidated financial statements, the Group has restated the prior years financial statements as if the consolidated financial statements were prepared according to TAS, on the date and after the Group, which holds the control of the Group during the consolidation, has the control over the companies under business combination.

Therefore, goodwill has not been calculated as a result of these transactions, the difference arising from the of the subsidiary amount and the amount of effective ownership interest rate of the purchased Group recognised as "Business Combinations under Common Control" directly in equity. The transaction has been accounted for in accordance with "Business Combinations under Common Control" announced by POA numbered 2018-1.

Therefore, goodwill has not been calculated in the consolidated financial statements from the acquisition of Despec Bilgisayar Pazarlama ve Ticaret A.Ş. The difference arising from total acquisition cost and the Group's share of the net asset value of financial statements of Despec Bilgisayar Pazarlama ve Ticaret A.Ş prepared in accordance with TFRS recognised as "Business Combinations under Common Control" directly in equity.

Business Combinations Under Common Control-Change of Control	Amount (TL)
Carrying value of Despec shares (29.02.2020)	83.164.172
Carrying value of Group's share (49,1347565%)	(40.862.514)
Acquisition Cost	52.775.642
Business Combinations under Common Control (net change from the change of control)	11.913.128

NOTE 4 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

The Group has no disclosure of interests in other entities at the end of the period.

NOTE 5 SEGMENT REPORTING

Since the Group is engaging in the IT segment, the Group does not exercise segment reporting at the end of the period.

NOTE 6 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents of the Group as of the end of the period are as follows.

Account Name	31 December 2020	31 December 2019	31 December 2018
Cash in hand	77.105	62.081	66.456
Banks	12.558.066	6.417.079	4.811.539
Demand Deposit	*12.558.066*	*6.417.079*	*4.811.539*
Time Deposit (Reverse Repo)	2.030.881	17.095.407	70.453.894
Credit Card Slips	6.040.508	377.210	153.086
Total	**20.706.560**	**23.951.777**	**75.484.975**

As of 31 December 2020, reverse repo and demand deposits interest accrued total amounted to TL 881, maturity of 1 day. The reverse repo transactions are TL and the annual interest rate is 15,02% -17,63%.

As of 31 December 2019, reverse repo and demand deposits interest accrued total amounted to TL 3.434, maturity of 2 days. The reverse repo transactions are TL and USD and the annual interest rates are TL 8,33%-10,51% and USD 0,5%.

As of 31 December 2018, reverse repo and demand deposits interest accrued total amounted to TL 103.894, maturity of 1-15 days. The reverse repo transactions are TL and USD and the annual interest rates are TL 22,13%-25,10% and USD 0,5%.

As of 31 December 2020, 2019 and 2018, credit card slips have the maturity of 1-3 days.

Cash and cash equivalents are included in the cash flow statement excluding interest.

Cash and Cash Equivalents	31 December 2020	31 December 2019	31 December 2018
Balance Sheet	20.706.560	23.951.777	75.484.975
Income Accruals (-)	(881)	(3.434)	(103.894)
Reported in Statement of Cash Flow	**20.705.679**	**23.948.343**	**75.381.081**

As of 31 December 2020, the Group has no blocked deposits and pledges in the cash and cash equivalents. (31 December 2019 and 2018: None.)

NOTE 7 FINANCIAL INVESTMENTS

Short term financial investments is as follows

Account Name	31 December 2020	31 December 2019	31 December 2018
Equity Securities (*)	-	135.519	83.407
Total	**-**	**135.519**	**83.407**

(*)The equity securities included in short term financial investments mentioned above are measued at fair value.

In accordance with TFRS 13 "Fair Value Measurement" standard; in order to increase consistency and comparability in fair value measurements and related disclosures, fair value hierarchy has been estimated that classifies the inputs for the valuation methods used to measure the fair value in three levels.

As of 31 December 2020, the Group has no long term financial investments.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities: The fair value of financial assets and financial liabilities are determined with reference to quoted market prices. On estimation of fair value of the shares of the Group, BIST Session 2 closing data on 31.12.2019 and 31.12.2018 were considered.

NOTE 8 BORROWINGS

As of 31 December 2020, 2019 and 2018, short term borrowings is as follows:

Account Name	31 December 2020	31 December 2019	31 December 2018
Short Term Borrowings	183.176.888	107.463.343	44.562.552
Lease Liabilities	1.253.422	933.071	-
Short Term Portion of Long Term Borrowings	-	5.580.603	27.130.066
Total	**184.430.310**	**113.977.017**	**71.692.618**

Breakdown of short term borrowings is as follows:

31 December 2020

Type	Currency Amount	TL Amount	Annual Effective Interest Rate (%)
Short Term Borrowings			
Short Term TL Borrowings		183.176.888	*7,95-17,77*
TL Lease Liabilities		1.253.422	*18,00-21,00*
Total Short Term Borrowings		**184.430.310**	

As of 31 December 2020, short term borrowings amounted to TL 184.430.310 which has the portion amounted to TL 50.003.165 include contracted campaigns with terms of 6 months, 12 months, 24 months and 36 months sold to subscribers of Türk Telekom Group (Türk Telekomünikasyon A.Ş., TT Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) has been used for financing, and total loan agreement are under Türk Telekom Group guarantorship.

The collections of receivables from devices are from Datagate subscribers by Türk Telekom Group dealers are made by Türk Telekom Group at maturities and TL and USD denominated short term lease liabilities amounted to TL 1.253.422.

The Group used assignment of trade receivables resulting from sales of devices to financial institutions. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group. In addition, The Group's assignment of trade receivables, whose collection is mediated by Türk Telekom Group, are also collected by irrevocable transfer and assignment to factoring companies. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group.

31 December 2019

Type	Currency Amount	TL Amount	Annual Effective Interest Rate (%)
Short Term Borrowings			
Short Term TL Borrowings		107.463.343	*10,50-29,95*
TL Lease Liabilities		712.292	*18,00-21,00*
USD Lease Liabilities	*37.167*	220.779	*7,00*
Short Term Portion of Long Term Borrowings(TL)		5.580.603	*15,95-43,80*
Total Short Term Borrowings		**113.977.017**	

As of 31 December 2019, short term borrowings amounted to TL 107.463.343 which has the portion amounted to TL 70.281.887 and short term portion of long term borrowings amounted to TL 5.580.603 include contract campaigns with terms of 6 months, 12 months, 24 months and 36 months sold to subscribers of Türk Telekom Group (Türk Telekomünikasyon A.Ş., TT Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) has been used for financing, and total loan agreement are under Türk Telekom Group guarantorship.

The collections of receivables from devices are from Datagate subscribers by Türk Telekom Group dealers are made by Türk Telekom Group at maturities and TL and USD denominated short term lease liabilities amounted to TL 933.071.

The Group used assignment of trade receivables resulting from sales of devices to financial institutions. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group. In addition, The Group's assignment of trade receivables, whose collection is mediated by Türk Telekom Group, are also collected by irrevocable transfer and assignment to factoring companies. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group.

31 December 2018

Type	TL Amount	Annual Effective Interest Rate (%)
Short Term Borrowings		
Short Term TL Borrowings	44.562.552	*18,71-43,15*
Short Term Portion of Long Term Borrowings(TL)	27.130.066	*18,05-31,90*
Total Short Term Borrowings	**71.692.618**	

As of 31 December 2018, short term borrowings amounted to TL 44.562.552 which has the portion amounted to TL 31.737.716 and short term portion of long term borrowings amounted to TL 27.130.066 include contract campaigns with terms of 6 months, 12 months, 24 months and 36 months sold to subscribers of Türk Telekom Group (Türk Telekomünikasyon A.Ş., TT Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) has been used for financing, and total loan agreement are under Türk Telekom Group guarantorship.

The Group used assignment of trade receivables resulting from sales of devices to financial institutions. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group. In addition, The Group's assignment of trade receivables, whose collection is mediated by Türk Telekom Group, are also collected by irrevocable transfer and assignment to factoring companies. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group.
Breakdown of long term borrowings is as follows:

As of 31 December 2020, 2019 and 2018, long term borrowings is as follows:

Account Name	31 December 2020	31 December 2019	31 December 2018
Bank Borrowings	-	-	3.604.399
Lease Liabilities	1.649.857	1.949.941	-
Total	1.649.857	1.949.941	3.604.399

31 December 2020

Type	Currency Amount	TL Amount	Annual Effective Interest Rate (%)
Long Term Borrowings			
Bank Borrowings (TL)		-	-
TL Lease Liabilities		1.649.857	*18,00-21,00*
USD Lease Liabilities			
Total Long Term Borrowings		**1.649.857**	

The Group has no long term loans. The Group has TL lease liabilities amounted to TL 1.649.857.

31 December 2019

Type	Currency Amount	TL Amount	Annual Effective Interest Rate (%)
Long Term Borrowings			
Bank Borrowings (TL)		-	-
TL Lease Liabilities		1.949.941	*18,00-21,00*
USD Lease Liabilities			
Total Long Term Borrowings		**1.949.941**	

The Group has no long term loans. The Group has TL lease liabilities amounted to TL 1.949.941.

31 December 2018

Type	TL Amount	Annual Effective Interest Rate (%)
Long Term Borrowings		
Bank Borrowings (TL)	3.604.399	*18,11-31,90*
Total Long Term Borrowings	**3.604.399**	

Total long term borrowings of the Group include long term contract campaigns with terms of 6 months, 12 months, 24 months and 36 months sold to subscribers of Türk Telekom Group (Türk Telekomünikasyon A.Ş., TT Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) has been used for financing, and total loan agreement are under Türk Telekom Group guarantorship.

The collections of receivables from devices are from Datagate subscribers by Türk Telekom Group dealers are made by Türk Telekom Group at maturities. The Group uses borrowings by assignment of trade receivables resulting from the sales of devices to financial instutions. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group.

The reconciliations of borrowings is as follows:

Account Name	31 December 2020	31 December 2019
Beginning of the Period	115.926.958	75.297.017
Principal and Interest Additions During the Period	504.023.064	184.961.416
Lease Liabilities	2.903.279	2.883.012
Principal and Interest Payments During the Period	(442.610.336)	(147.733.202)
Interest Accrual	5.837.202	518.715
End of the Period	**186.080.167**	**115.926.958**

Total long term borrowings of the Group include long term contract campaigns with terms of 6 months, 12 months, 24 months and 36 months sold to subscribers of Türk Telekom Group (Türk Telekomünikasyon A.Ş., TT Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) has been used for financing, and total loan agreement are under Türk Telekom Group guarantorship.

The collections of receivables from devices are from Datagate subscribers by Türk Telekom Group dealers are made by Türk Telekom Group at maturities. The Group uses borrowings by assignment of trade receivables resulting from the sales of devices to financial instutions. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group.

Breakdown of borrowings is as follows:

Account Name	31 December 2020	31 December 2019	31 December 2018
0-12 months	184.430.310	113.977.017	71.692.618
13-36 months	1.649.857	1.949.941	3.604.399
Total	**186.080.167**	**115.926.958**	**75.297.017**

NOTE 9 OTHER FINANCIAL LIABILITIES

As of 31 December 2020, 2019 and 2018, the Group has no other financial liabilites.

Account Name	**31 December 2020**	**31 December 2019**	**31 December 2018**
Trade Receivables	291.527.079	260.570.522	202.127.843
Trade Receivables from Related Parties	*669.266*	*47.682*	*351.434*
Trade Receivables from Non Related Parties	*290.857.813*	*260.522.840*	*201.776.409*
- Other Receivables	*238.238.292*	*154.910.591*	134.537.532
-Assignment of Trade Receivables	*52.619.521*	*105.612.249*	*67.238.877*
Notes Receivables	22.743.733	22.461.331	14.248.088
Rediscount on Notes Receivables (-)	(3.278.078)	(6.946.754)	(10.657.313)
Doubtful Trade Receivables	4.817.103	4.525.915	4.323.940
Provision for Doubtful Trade Receivables (-)	(4.817.103)	(4.525.915)	(4.323.940)
Total	**310.992.734**	**276.085.099**	**205.718.618**

NOTE 10 TRADE RECEIVABLES AND PAYABLES

As of 31 December 2020, short term portion of assignment of trade receivables amounted to TL 52.619.521 (31 December 2019: TL 105.612.249 and 31 December 2018: TL 67.238.877) include contract campaigns with terms of 6 months, 12 months, 24 months and 36 months sold to subscribers of Türk Telekom Group (Türk Telekomünikasyon A.Ş., TT Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) has been used for financing, and total loan agreement are under Türk Telekom Group guarantorship. The portion amounted to TL 50.003.165 (31 December 2019: TL 75.862.490 and 31 December 2018: TL 58.867.782) is assigned to banks against the bank loans in scope of same campaigns.

The collections of receivables from devices are from Datagate subscribers by Türk Telekom Group dealers are made by Türk Telekom Group at maturities. The Group uses borrowings by assignment of trade receivables resulting from the sales of devices to financial instutions.

The Group used assignment of trade receivables resulting from sales of devices to financial institutions. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group. In addition, The Group's assignment of trade receivables, whose collection is mediated by Türk Telekom Group, are also collected by irrevocable transfer and assignment to factoring companies. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group.

As of 31 December 2020, 2019 and 2018, long term trade receivables is as follows:

Account Name	31 December 2020	31 December 2019	31 December 2018
Trade Receivables	-	-	6.551.338
Trade Receivables from Related Parties	-	-	-
Trade Receivables from Non Related Parties	-	-	*6.551.338*
Rediscount on Assignment of Trade Receivables (-)	-	-	(2.946.939)
Total	-	-	**3.604.399**

As of 31 December 2020 and 2019, the Group has no long term portion of assigned trade receivables. As of 31 December 2018, the portion amounted to TL 6.551.338 include contract campaigns with terms of 6 months, 12 months, 24 months and 36 months sold to subscribers of Türk Telekom Group (Türk Telekomünikasyon A.Ş., TT Mobil İletişim Hizmetleri A.Ş. and TTNET A.Ş.) has been used for financing, and total loan agreement are under Türk Telekom Group guarantorship. As of 31 December 2020 and 2019, the Group has no long term borrowings. As of 31 December 2018, the portion amounted to TL 3.604.399 is assigned to banks against the bank loans in scope of same campaigns.

The Group used assignment of trade receivables resulting from sales of devices to financial institutions. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group. In addition, The Group's assignment of trade receivables, whose collection is mediated by Türk Telekom Group, are also collected by irrevocable transfer and assignment to factoring companies. In accordance with the assignment terms and conditions, the principal and interests of the loans are paid by Türk Telekom Group.

As of 31 December 2020, the portion amounted to **TL 47.431.320** of short term trade receivables in total amount of **TL 310.992.734**, is letters of guarantee given to banks. The remaining portion amounted to **TL 87.947.829** in total amount of **TL 263.561.414** is guarantee in scope of Euler Hermes. As of 31 December 2019, the portion amounted to **TL 52.694.522** of short term trade receivables in total amount of **TL 276.085.099**, is letters of guarantee given to banks. e remaining portion amounted to **TL 38.237.805** in total amount of **TL 223.390.577** is guarantee in scope of Euler Hermes. As of 31 December 2018, the portion amounted to **TL 40.095.423** of short and long term trade receivables in total amount of **TL 209.323.017**, is letters of guarantee given to banks. The remaining portion amounted to **TL 28.610.713** in total amount of **TL 169.227.594** is guarantee in scope of Euler Hermes. In addition, the Group has short and long term assignment of trade receivables from Türk Telekom Group amounted to **TL 52.619.521** (31 December 2019: **TL 105.612.249** and 31 December 2018: **TL 67.238.877**). The related disclosures regarding the nature of risks of trade receivables included in **Note 38**.

The Group has credit insurance policy from Euler Hermes Sigorta A.Ş. within borders of Turkey for insuring its trade recivables until 31.03.2021. (the payment guarantee for trade receivables is determined as 90%)

Movement of the provision for doubtful receivables is as follows:

	1 January-31 December 2020	**1 January-31 December 2019**
Balance at the Beginning of the Period (-)	(4.525.915)	(4.323.940)
TFRS 9 Adjustments **(Note 2.03)**	-	-
Reversal of Provisions During the Period	-	-
Expenses During the Period (-) **(Note 30)**	(291.188)	(201.975)
Balance at the End of the Period	**(4.817.103)**	**(4.525.915)**

As of 31 December 2020, 2019 and 2018, short term trade payables is as follows:

Account Name	31 December 2020	31 December 2019	31 December 2018
Suppliers	108.601.062	70.990.345	66.237.159
Other Suppliers	*101.465.468*	*69.210.930*	*65.490.990*
Suppliers to Related Parties	*7.135.594*	*1.779.415*	*746.169*
Notes Payable	-	500.000	-
Rediscount on Notes Payable (-)	(566.968)	(334.081)	(868.894)
Total	**108.034.094**	**71.156.264**	**65.368.265**

As of 31 December 2020, 2019 and 2018, the Group has no long term trade payables.

The average maturity of trade receivables and payables is up to 3 months. In the case of rediscount of trade receivables and payables, compound interest rates of Government Debt Securities are used as effective interest rate in TL receivables and payables. Libor and its rates are used in the accruals of USD and EURO denominated receivables and payables.

NOTE 11 OTHER RECEIVABLES AND PAYABLES

As of 31 December 2020, 2019 and 2018, short term other receivables is as follows:

Account Name	**31 December 2020**	**31 December 2019**	**31 December 2018**
Receivables from Employees	320.120	324.342	48.546
Deposits and Guarantees Given	-	53.963	-
Other Receivables	82.550	-	-
Other Receivables from Non Related Parties(*)	*82.550*	-	-
Total	**402.670**	**378.305**	**48.546**

(*)As of 31 December 2020, other receivables amounted to TL 82.550 includes receivables from tax office.

The related disclosures regarding the nature of risks of other receivables included in **Note 38** and related party balances are included in **Note 37**.

As of 31 December 2020, 2019 and 2018, short term other payables is as follows:

Account Name	**31 December 2020**	**31 December 2019**	**31 December 2018**
Taxes Payable	452.483	1.898.884	1.922.256
Other Payables to Related Parties	-	-	-
Total	**452.483**	**1.898.884**	**1.922.256**

NOTE 12 DERIVATIVE INSTRUMENTS

The receivables from derivative instruments of the Group included in financial investments measured at fair value, are as follows:

The foreign exchange contract for purchases of the Group is as follows:

Account Name	**31 December 2020**	**31 December 2019**	**31 December 2018**
Derivatives Receivables	-	153.862	-
Total	-	**153.862**	-

As of 31 December 2020, the Group has no receivables regarding derivative instruments.

As of 31 December 2019, the Group has foreign exchange purchase contract amounted to USD 3.323.300. The contracts have 0-3 months maturities. As of 31 December 2019, the fair value of the contracts amounted to TL 19.587.205 and appraisal value of TL 153.862 recognised as an income.

As of 31 December 2018, the Group has no receivables regarding derivative instruments.

The payables to derivative instruments of the Group included in financial investments measured at fair value, are as follows:

Derivative instruments included in short term liabilities is as follows:

Account Name	31 December 2020	31 December 2019	31 December 2018
Derivatives Payables	3.104.246	-	1.073.209
Total	**3.104.246**	-	**1.073.209**

As of 31 December 2020, the Group has foreign exchange purchase contract amounted to USD 4.105.250. The contracts have 0-3 months maturities. As of 31 December 2020, the fair value of the contracts amounted to TL 33.238.834 and the revaluation difference amounted to TL 3.104.246 recognised as an expense.

As of 31 December 2018, the Group has foreign exchange purchase contract amounted to USD 3.357.800. The contracts have 0-3 months maturities. As of 31 December 2018, the fair value of the contracts amounted to TL 18.738.260 and the revaluation difference amounted to TL 1.073.209 recognised as an expense.

NOTE 13 INVENTORIES

As of 31 December 2020, 2019 and 2018, inventories is as follows:

Account Name	**31 December 2020**	**31 December 2019**	**31 December 2018**
Merchandise	131.939.553	83.743.477	35.925.074
Goods in Transit	16.854.844	15.964.571	4.878.183
Provision for Inventory Impairment (-)	(3.972.884)	(1.520.610)	(1.371.060)
Total	**144.821.513**	**98.187.438**	**39.432.197**

Invoiced but not included in the inventories products accounted for "Goods in Transit".

Movement of the provision for inventory impairment is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Beginning of the Period (-)	(1.520.610)	(1.371.060)
Reversal of Provisions from Gains on Net Realisable Value (+)	-	90.210
Provisions During the Period (-)(**Note 28**)	(2.452.274)	(239.760)
End of the Period (-)	**(3.972.884)**	**(1.520.610)**

The provision for inventory impairment is recognised in accordance with the increasing percentages on waiting periods of inventories for merchandise for the periods more than 3 months. As of 31 December 2020, the net realisable value amounted to **TL 14.761.222** in inventories and the remaining portion is carried at cost in the consolidated financial statements. (As of 31 December 2019, net realisable value **TL 5.392.256,** and 31 December 2018 net realisable value amounted to **TL 5.103.282** and the remaining portion is carried at cost in the financial statements.)

Explanations	**31 December 2020**	**31 December 2019**	**31 December 2018**
Cost Value	18.734.106	6.912.865	6.474.342
Provision for Inventory Impairment	(3.972.884)	(1.520.610)	(1.371.060)
Net Realisable Value **(a)**	14.761.222	5.392.256	5.103.282
Carried at Cost Value **(b)**	130.060.291	92.795.183	34.328.915
Total Inventories (a+b)	**144.821.513**	**98.187.438**	**39.432.197**

The Group has no inventories as guarantee against liabilities.

Total insurance coverage on assets is disclosed in **Note 22.**

The inventories recognised as an expense during the period is disclosed in **Note 28.**

NOTE 14 BIOLOGICAL ASSETS

None.

NOTE 15 PREPAID EXPENSES AND DEFERRED INCOME

Short Term :

As of 31 December 2020, 2019 and 2018, prepaid expenses is as follows:

Account Name	31 December 2020	31 December 2019	31 December 2018
Short Term Prepaid Expenses	561.005	728.754	572.944
Advances Given for Purchases	12.132.654	9.740.665	3.014.062
Total	**12.693.659**	**10.469.419**	**3.587.006**

As of 31 December 2020, 2019 and 2018, deferred income is as follows:

Account Name	**31 December 2020**	**31 December 2019**	**31 December 2018**
Short Term Deferred Income	10.236	1.382.280	42.213
Advances Received from Customers	2.917.258	6.162.728	4.059.278
Total	**2.927.494**	**7.545.008**	**4.101.491**

As of 31 December 2020, the portion for advances received from customers amounted to **TL 1.561.359** include advances recieved from physical and virtual airtime meters, and when the credits are sold to the end user, they are invoiced to the dealers. (31 Decemner 2019: **TL 3.833.279** and 31 December 2018: **TL 2.500.373**)

Long Term:

As of 31 December 2020, 2019 and 2018, the Group has no prepaid expenses.

As of 31 December 2020, 2019 and 2018, the Group has no deferred income.

NOTE 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

None.

NOTE 17 INVESTMENT PROPERTIES

As of 31 December 2020, 2019 and 2018, investment properties is as follows:

31 December 2020

Cost

Account Name	**1 January 2020**	**Acquisitions**	**Disposals (-)**	**31 December 2020**
Land	18.280	-	-	18.280
Buildings	234.000	-	-	234.000
Total	**252.280**	-	-	**252.280**

Accumulated Depreciation

Account Name	**1 January 2020**	**Current Period Depreciation**	**Disposals**	**31 December 2020**
Buildings	(9.750)	(4.680)	-	(14.430)
Total	(9.750)	(4.680)	-	(14.430)
Net Book Value	242.530			237.850

31 December 2019

Cost

Account Name	1 January 2019	Acquisitions	Disposals (-)	31 December 2019
Land	18.280	-	-	18.280
Buildings	234.000	-	-	234.000
Total	252.280	-	-	252.280

Accumulated Depreciation

Account Name	**1 January 2019**	**Current Period Depreciation**	**Disposals**	**31 December 2019**
Buildings	(5.070)	(4.680)	-	(9.750)
Total	**(5.070)**	**(4.680)**	-	**(9.750)**
Net Book Value	**247.210**			**242.530**

NOTE 18 PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2020 and 2019, the movements for property, plant and equipment, and related depreciation are as follows:

31 December 2020

Cost

Account Name	1 January 2020	Acquisitions	Disposals (-)	31 December 2020
Plant, Machinery and Equipment	4.170	-	-	4.170
Motor Vehicles	3.505			3.505
Furniture and Fixtures	2.090.261	170.245	-	2.260.506
Leasehold Improvements	665.557	-	-	665.557
Total	**2.763.493**	**170.245**	-	**2.933.738**

Accumulated Depreciation

Account Name	1 January 2020	Current Period Depreciation	Disposals	31 December 2020
Plant, Machinery and Equipment	(4.170)	-	-	(4.170)
Motor Vehicles	(3.505)			(3.505)
Furniture and Fixtures	(1.816.177)	(116.366)	-	(1.932.543)
Leasehold Improvements	(620.053)	(10.620)	-	(630.673)
Total	**(2.443.905)**	**(126.986)**	-	**(2.570.891)**
Net Book Value	**319.588**			**362.847**

31 December 2019

Cost

Account Name

	1 January 2019	Acquisitions	Disposals (-)	31 December 2019
Plant, Machinery and Equipment	4.170	-	-	4.170
Motor Vehicles	3.505			3.505
Furniture and Fixtures	1.849.177	241.084	-	2.090.261
Leasehold Improvements	609.336	56.221	-	665.557
Total	**2.466.188**	**297.305**	-	**2.763.493**

Accumulated Depreciation

Account Name	1 January 2019	Current Period Depreciation	Disposals	31 December 2019
Plant, Machinery and Equipment	(4.170)	-	-	(4.170)
Motor Vehicles	(3.505)			(3.505)
Furniture and Fixtures	(1.644.227)	(171.950)	-	(1.816.177)
Leasehold Improvements	(477.306)	(142.747)	-	(620.053)
Total	**(2.129.208)**	**(314.697)**	-	**(2.443.905)**
Net Book Value	**336.980**			**319.588**

Other Information:

Depreciation and amortisation are included in operating expenses. (**Note 30**)

Total insurance coverage on property, plant and equipment is disclosed in **Note 22**.

The Group has no pledges and mortgages and restrictions on Property, Plant and Equipment.

NOTE 18 RIGHT OF USE ASSETS

As of 31 December 2020 and 2019, the movements for right of use assets, and related depreciation are as follows:

31 December 2020

Cost

Account Name	1 January 2020	Acquisitions	Disposals/(-) /Contract Costs	31 December 2020
Buildings	1.574.226	141.515	-	1.715.741
Motor Vehicles	2.006.323	1.271.926	(1.078.613)	2.199.636
Total	**3.580.549**	**1.413.441**	**(1.078.613)**	**3.915.377**

Accumulated Depreciation

Account Name	1 January 2020	Current Period Depreciation	Disposals/(-) /Contract Costs	31 December 2020
Buildings	(240.072)	(348.245)	-	(588.317)
Motor Vehicles	(627.796)	(907.882)	846.323	(689.355)
Total	**(867.868)**	**(1.256.127)**	**846.323**	**(1.277.672)**
Net Book Value	**2.712.681**			**2.637.705**

31 December 2019

Cost

Account Name	1 January 2019	TFRS-16 Initial Recognition	Acquisitions	Disposals/(-) /Contract Costs	31 December 2019
Buildings	-	1.574.226	-	-	1.574.226
Motor Vehicles	-	2.083.675	-	(77.352)	2.006.323
Total	-	3.657.901	-	(77.352)	3.580.549

Accumulated Depreciation

Account Name	1 January 2019	TFRS-16 Initial Recognition	Current Period Depreciation	Disposals/(-) /Contract Costs	31 December 2019
Buildings	-	-	(240.072)	-	(240.072)
Motor Vehicles	-	-	(705.148)	77.352	(627.796)
Total	-	-	**(945.220)**	**77.352**	**(867.868)**
Net Book Value	-				**2.712.681**

NOTE 19 INTANGIBLE ASSETS

31 December 2020

Cost

Account Name	1 January 2020	Acquisitions	Disposals (-)	Transfers	31 December 2020
Rights	1.073.538	16.000	-	687.487	1.777.025
Other Intangible Assets	687.487			(687.487)	-
Total	**1.761.025**	**16.000**	-	-	**1.777.025**

Accumulated Depreciation

Account Name	1 January 2020	Current Period Depreciation	Disposals	Transfers	31 December 2020
Rights	(581.590)	(75.624)	-	(301.584)	(958.798)
Other Intangible Assets	(301.584)	-		301.584	
Total	**(883.174)**	**(75.624)**	-	-	**(958.798)**
Net Book Value	**877.851**				**818.227**

31 December 2019

Cost

Account Name	1 January 2019	Acquisitions	Disposals (-)	31 December 2019
Rights	1.761.025	-	-	1.761.025
Total	1.761.025	-	-	1.761.025

Accumulated Depreciation

Account Name	1 January 2019	Current Period Depreciation	Disposals	31 December 2019
Rights	(794.894)	(88.280)	-	(883.174)
Total	(794.894)	(88.280)	-	(883.174)
Net Book Value	**966.131**			**877.851**

Depreciation and amortisation are included in operating expenses. (Note 30)

NOTE 20 EMPLOYEE BENEFITS PAYABLES

As of 31 December 2020, 2019 and 2018, employee benefits payables is as follows:

Account Name	31 December 2020	31 December 2019	31 December 2018
SSI Premium Payables	185.548	231.458	140.412
Payables to Personnel	6.683	244.572	8.727
Total	**192.231**	**476.030**	**149.139**

NOTE 21 GOVERNMENT GRANTS

None.

NOTE 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

i) Provisions

Account Name	31 December 2020	31 December 2019	31 December 2018
Provision for Price Revision	21.551.129	24.426.513	21.225.012
Provision for Lawsuits	46.048	43.062	97.965
Total	**21.597.177**	**24.469.575**	**21.322.977**

31 December 2020	Provision for Lawsuits	Provision for Price Revision	Total
Beginning of the Period – 1 January	43.062	24.426.513	24.469.575
Additional Provisions	2.986	21.551.129	21.554.115
Payments During the Period	-	(24.426.513)	(24.426.513)
Total	**46.048**	**21.551.129**	**21.597.177**

31 December 2019	Provision for Lawsuits	Provision for Price Revision	Total
Beginning of the Period – 1 January	97.965	21.225.012	21.322.977
Additional Provisions	5.577	24.426.513	24.432.090
Payments During the Period	(60.480)	(21.225.012)	(21.285.492)
Total	**43.062**	**24.426.513**	**24.469.575**

Price difference invoices are obtained from customers for products sold at different prices for the prior period and provisions are disclosed in the consolidated financial statements during the period. In addition, for increasing the sales, customers has the direct sales target and for achieving the given targets, invoices such as turnover premium, credit note, price difference are obtained from the dealers and related provisions are disclosed in the consolidated financial statements during the period.

ii) Contingent Assets and Liabilities;

31 December 2020

As of 31 December 2020, the provisions for lawsuits amounted to **TL 46.048** filed against the Group and the related provisions are reflected in to the consolidated financial statements.

31 December 2019

As of 31 December 2019, the provisions for lawsuits amounted to **TL 43.062** filed against the Group and the related provisions are reflected in to the consolidated financial statements.

31 December 2018

As of 31 December 2018, the provisions for lawsuits amounted to **TL 97.965** filed against the Group and the related provisions are reflected in to the consolidated financial statements.

In accordance with TFRS 9, execution proceedings amounted to **TL 4.817.103** for provisions for doubtful receivables of the Group and the related provisions are reflected in to the consolidated financial statements. (31.12.2019: **TL 4.525.915** and 31.12.2018: **TL 4.323.940**) *iii) Commitments, mortgages and guarantees not included in the liability;*

31 December 2020

	TL	USD	EURO
Letters of Guarantee Given	147.024.957	2.000.000	-
TOTAL	**147.024.957**	**2.000.000**	-

31 December 2019

	TL	USD	EURO
Letters of Guarantee Given	125.374.957	6.000.000	-
TOTAL	**125.374.957**	**6.000.000**	-

31 December 2018

	TL	USD	EURO
Letters of Guarantee Given	184.421.157	7.000.000	-
TOTAL	**184.421.157**	**7.000.000**	-

iv) Total mortgages and guarantees on assets

None.

v) Total insurance coverage on assets;

31 December 2020

Type of Insured Asset	USD	TL
Merchandise	22.500.000	-
Other	-	-
Total	22.500.000	-

31 December 2019

Type of Insured Asset	USD	TL
Merchandise	17.500.000	-
Other	-	-
Total	17.500.000	-

31 December 2018

Type of Insured Asset	USD	TL
Merchandise	30.000.000	-
Other	85.000	-
Total	30.085.000	-

The above mention amounts include the ceiling amount for the merchandise of the Group. The amount of the premium is equal to the average amount of the merchandise, provided that the above ceiling amount does not exceed. The premium base cannot be less than 40% of the ceiling amount.

vi) Ratio of guarantees and mortgages to equity

As of 31 December 2020 and 2019, the Group's collateral / pledge / mortgage position are as follows:

Collateral, Pledge, Mortgages Given by the Group	**31 December 2020**	**31 December 2020**	**31 December 2019**	**31 December 2019**	**31 December 2018**	**31 December 2018**
	Currency Amount	**TL Equivalent**	**Currency Amount**	**TL Equivalent**	**Currency Amount**	**TL Equivalent**
A. Total amount of CPM's given in the name of its own legal personality	-	**161.705.957**	-	**161.016.157**	-	**221.247.457**
Letters of Guarantee (USD)	*2.000.000*	*14.681.000*	*6.000.000*	*35.641.200*	*7.000.000*	*36.826.300*
Letters of Guarantee (TL)	-	*147.024.957*	-	*125.374.957*	-	*184.421.157*
Bill of Guarantees						
Mortgages	-	-	-	-	-	-
B. Total amount of CPM's given on behalf of the fully consolidated companies	-	-	-	-	-	-
C. Total amount of CPM's given on behalf of third parties for ordinary course of business	-	-	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-	-	-
ii. Total amount of CPM's given to on behalf of other companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-	-	-
Total	-	161.705.957	-	161.016.157	-	221.247.457

The ratio of other CPM given by the Group to the equity is 0%: (31 December 2019 and 2018: 0%)

NOTE 23 COMMITMENTS

None.

NOTE 24 EMPLOYEE BENEFITS

Account Name	**31 December 2020**	**31 December 2019**	**31 December 2018**
Provision for Employment Termination Benefits	1.130.641	785.795	608.878
Total	**1.130.641**	**785.795**	**608.878**

Under Turkish Labour Law, Datagate and its Subsidiary are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).
As of 1 January 2021, the amount payable consists of one month's salary limited to a maximum of TL7.638,96 (31 December 2019: TL 6.730,15 and 31 December 2018: TL 6.017,60) for each year of service.

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

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of total liabilities:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As of 31 December 2019 and 2018, the provisions in the accompanying consolidated financial statements are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. As of the 31 December 2020, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 12.50% and an interest rate of 8.50%, resulting in a real discount rate of 3.69%. (31 December 2019: 3.69% real discount rate).

As of the 31 December 2020, turnover rate to estimate the probability of retirement is 90,75%. (31 December 2019: 92,00%)

	1 January 2020 31 December 2020	**1 January 2019 31 December 2019**
Beginning of the Period – 1 January	785.795	608.878
Current Period Service Cost	126.269	94.144
Actuarial Gains / Losses	125.189	27.347
Interest Cost	98.224	76.110
Payments During the Period (-)	(71.763)	(121.782)
Payment/Reduction of Benefits /Loss due to Dismissal	66.927	101.098
End of the Period	**1.130.641**	**785.795**

Provision for employment termination benefits recognised during the period is as follows:

	1 January 2020 31 December 2020	**1 January 2019 31 December 2019**
General Administrative Expenses	(291.420)	(271.352)
Other Operating Income/ (Expenses)	-	-
Income / (Expense) Recognised in Profit or Loss	**(291.420)**	**(271.352)**
Actuarial Gains/Losses Recognized in Other Comprehensive Income	(125.189)	(27.347)
Profit / (Loss) for the Period	**(416.609)**	**(298.699)**

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Actuarial Gains/Losses Recognized in Other Comprehensive Income	(125.189)	(27.347)
Business Combinations Under Common Control and Non Controlling Interests	19.009	-
Total	**(106.180)**	**(27.347)**
Tax Effect 20%	21.236	5.470
Net Amount	**(84.944)**	**(21.877)**

NOTE 25 CURRENT PERIOD TAX ASSETS AND LIABILITIES

As of 31 December 2020, 2019 and 2018, tax assets and liabilities is as follows:

Account Name	31 December 2020	31 December 2019	31 December 2018
Prepaid Taxes	-	82.551	255.860
Total	-	**82.551**	**255.860**

NOTE 26 OTHER ASSETS AND LIABILITIES

As of 31 December 2020, 2019 and 2018, other current assets is as follows:

Account Name	31 December 2020	31 December 2019	31 December 2018
Credit Note Income Accruals (*)	1.194.246	2.162.609	3.223.938
Deferred VAT	8.513.323	873.071	-
Business Cash Advances	18.692	19.772	18.647
Total	**9.726.261**	**3.055.452**	**3.242.585**

(*) Credit note income accruals is disclosed in **Note 2.08.20.**

As of 31 December 2020, 2019 and 2018, the Group has no other non current assets.

NOTE 27 EQUITY

i)Non Controlling Interests

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019	1 January 2018 31 December 2018
Beginning of the Period	77.889.984	77.437.579	-
Business Combinations Under Common Control	(27.974.636)	12.463.971	77.437.579
Gains/Losses on Non Controlling Interests	-	-	-
Gains/Losses on Minority Interests	(42.726)	(11.566)	-
Jointly Controlled Entity Dividends Paid	-	(12.000.000)	-
Total	49.872.622	77.889.984	77.437.579

(ii) Capital / Capital Adjustments Due to Cross Ownership / Repurchased Shares

The issued capital amounted to TL 20.000.000 comprise extraordinary reserves (retained earnings) and the application regarding the capital increases from TL 10.000.000 to TL 30.000.000 was approved by the Capital Markets Board on 04.10.2016.

The capital of the Group comprise 30.000.000 shares, each with a nominal value of TL 1 and the capital of the Group is TL 30.000.000 after capital increases. The capital of the Group is TL 30.000.000 which include Class A shares amounting to TL 454.545 and Class B shares amounting to TL 29.999.545,455.

Class A shares have concessions in the election of the Board of Directors but Class B shares have no concessions regarding the election of the Board of Directors. More than half of the number of members of the Board of Directors is elected among candidates nominated by Class A shareholders.

At the Ordinary General Assembly Meeting of Datagate held on 23 May 2019, the valid period of the Registered Capital Ceiling will be extended to 2019-2023 and the registered capital ceiling will be increased from TL 40.000.000 (Forty Million) to TL 150.000.000 (Hundred and Fifty Million). The amendment of article 6 of the articles of association was registered by the Istanbul Trade Registry Office on 7 June 2019.

As of 31 December 2020, 2019 and 2018 the principal shareholders and their shareholding rates in Datagate is as follows:

	31 December 2020		31 December 2019		31 December 2018	
Shareholders	**Shareholding Rate %**	**Shareholding Amount**	**Shareholding Rate %**	**Shareholding Amount**	**Shareholding Rate %**	**Shareholding Amount**
İndeks A.Ş.(*)	59,24%	17.772.688	59,24%	17.772.688	59,24%	17.772.688
Tayfun Ateş	-	-	6,50%	1.950.000	6,50%	1.950.000
Listed Shares	40,76%	12.227.270	34,26%	10.277.270	34,26%	10.277.270
Other	0,00%	42	0,00%	42	0,00%	42
Total	**100%**	**30.000.000**	**100%**	**30.000.000**	**100%**	**30.000.000**

(*) Includes unlisted shares 49,24%, Listed shares 10% and total of 59,24%. The ultimate controlling party of the Group is Nevres Erol Bilecik and his family members.

(iii) Share Premium/ Discounts

The capital reserves of the Group comprise share premium. The Group has no movement during the period.

(iv) Accumulated Other Comprehensive Income or Expenses not to be Reclassified in Profit or Loss

The analysis of accumulated other comprehensive income or expenses not to be reclassified in profit or loss is as follows:

Account Name	**31 December 2020**	**31 December 2019**	**31 December 2018**
Beginning of the Period – 1 January	(65.066)	*(54.755)*	*38.816*
Actuaria Gains and (Losses) (Note 24)	(106.180)	*(27.347)*	*(116.965)*
Tax Effect (Note 24, Note 35)	21.236	*5.470*	*23.393*
Actuarial Gains and (Losses) on Non Controlling Interests	*42.726*	*11.566*	-
Actuarial Gains and (Losses) (Net)	**(107.284)**	**(65.066)**	**(54.755)**
Gains/(losses) on Remeasurements of Defined Benefit Plans	**(107.284)**	**(65.066)**	**(54.755)**
Other Gains and Losses	-	-	-
Accumulated Other Comprehensive Income or Expenses not to be Reclassified in Profit or Loss	(107.284)	(65.066)	(54.755)

(v) Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss

Account Name	**31 December 2020**	**31 December 2019**	**31 December 2018**
Currency Translation Differences	1.940.310	1.940.310	1.940.310
Currency Translation Differences (Net)	**1.940.310**	**1.940.310**	**1.940.310**
Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss	**1.940.310**	**1.940.310**	**1.940.310**

Movement of currency translation differences is as follows:

	31 December 2020	**31 December 2019**	**31 December 2018**
Beginning of the Period – 1 January	1.940.310	1.940.310	1.940.310
Gains / (Losses)	-	-	-
End of the Period	**1.940.310**	**1.940.310**	**1.940.310**

vi) Restricted Reserves from Retained Earnings

Legal reserves consist of first and second reserves as stipulated in the Turkish Commercial Code. According to Article 519 of the Turkish Commercial Code ("TCC"), the general legal reserve is allocated as 5% of the annual profit until it reaches 20% of the Group's paid-in capital. After reaching this limit, 10% of the total amount will be added to the general legal reserves after the dividend payment is paid to the shareholders. According to the Turkish Commercial

Code, if the general legal reserve does not exceed 50% of the share capital or the issued capital, it can be used only to close the losses, to continue the business when business is not going well or to take measures to mitigate the results.

(vii) Retained Earnings

Retained Earnings / Losses, comprise of Extraordinary Reserves and Other Prior Years Profit / Loss.

Shares of publicly-held companies to the Article 19 of the Capital Market Law No. 6362 and the Capital Markets Board of Turkey ("CMB") in accordance with the Communiqué on the Dividend of II-19.1, which came into force on 1 February 2014. According to the said Communiqué, there is no profit distribution obligation of the companies whose shares are traded on the stock exchange; the companies can distribute their profits in accordance with the profit distribution policies to be determined by the Board of Directors decision and in accordance with the provisions of the relevant legislation. In addition, according to the same Communiqué, profit share advance can be paid on the profits included in the interim financial statements.
As of 31 December 2020, 2019 and 2018, equity items is as follows:

Account Name	**31 December 2020**	**31 December 2019**	**31 December 2018**
Paid in Share Capital	30.000.000	30.000.000	30.000.000
Adjustment to Share Capital	1.241.463	1.241.463	1.241.463
Repurchased Shares (-) (*)	(810.827)	(810.827)	(810.827)
Share Premium	3.229.361	3.229.361	3.229.361
Accumulated Other Comprehensive Income Or Expenses not to Be Reclassified In Profit Or Loss	(107.284)	(65.066)	(54.755)
-Gains/(Losses) on Remeasurements of Defined Benefit Plans	*(107.284)*	*(65.066)*	*(54.755)*
Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss	1.940.310	1.940.310	1.940.310
-Currency Translation Differences	*1.940.310*	*1.940.310*	*1.940.310*
Business Combinations Under Common Control	(11.913.128)	-	-
Restricted Reserves from Retained Earnings	10.513.622	10.513.622	10.513.622
- Legal Reserves	*9.420.701*	*9.420.701*	*9.420.701*
- Gains on Sale of Interest in a Subsidiary	*1.092.921*	*1.092.921*	*1.092.921*
Retained Earnings	78.099.094	54.553.949	36.678.534
Net Profit for the Period	25.149.650	23.545.145	17.875.415
Non Controlling Interests	49.872.622	77.889.984	77.437.579
Total	**187.214.883**	**202.037.941**	**178.050.702**

(*)In accordance with the announcement by Capital Markets Board of Turkey ("CMB") dated 21.07.2016, it has been determined that the redemption of the shares in the stock exchange without any limit. In this context, with the decision of Board of Directors on 16.05.2018, the amount of the funds allocated for the repurchase is up to TL 5 million, the maximum number of shares shall not exceed this amount. Within this scope, the Group has withdrawn 158,040 shares corresponding to 0,53% of the Group's capital and traded in BİAŞ for TL 810,827. The financing of share buy-back is provided by the Group's internal resources. No gain or loss is recognized in the statement of profit or loss. The amounts received or paid are recognized directly in equity. In accordance with the decision of the General Assembly dated 23.03.2020, the maximum amount of funds for the repurchase of shares increased from TL 5 million to TL 8 million which was announced on 16.05.2018.

NOTE 28 REVENUE AND COST OF SALES

As of 31 December 2020 and 2019, revenue and cost of sales is as follows:

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Domestic Sales	1.745.867.476	1.068.709.118
Foreign and Other Sales	420.900	1.264.510
Sales Returns (-)	(43.963.967)	(33.283.078)
Sales Discounts (-)	(2.848.915)	(5.889.715)
Revenue	**1.699.475.494**	**1.030.800.835**
Cost of Goods Sold (-)	(1.622.436.726)	(970.172.236)
Gross Profit	**77.038.768**	**60.628.599**

Depreciation and amortisation are included in operating expenses.

NOTE 29 RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

As of 31 December 2020 and 2019, operating expenses is as follows:

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019
General Administrative Expenses (-)	(15.946.515)	(12.802.318)
Marketing, Sales and Distribution Expenses (-)	(15.469.081)	(12.721.343)
Total Operating Expenses	**(31.415.596)**	**(25.523.661)**

NOTE 30 EXPENSES BY NATURE

As of 31 December 2020 and 2019, expenses by nature is as follows:

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Marketing, Sales and Distribution Expenses and General Administrative Expenses (-)		
- Personnel Expenses	(17.397.642)	(15.035.873)
- Transportation, Distribution and Storage Expenses	(7.224.127)	(4.551.464)
- Insurance Expenses	(981.459)	(560.320)
- Rent Expenses	(200.405)	(330.981)
- Advertisement and Promotion Expenses	(291.519)	(222.255)
- Consultancy and Audit Expenses	(949.342)	(559.432)
- Outsourcing Expenses	(497.031)	(384.621)
- Information Systems and Communication Expenses	(129.713)	(108.515)
- Depreciation and Amortisation Charges	(1.463.417)	(1.352.877)
- Provision for Doubtful Receivables	(291.188)	(201.974)
- Other Expenses	(1.989.753)	(2.215.349)
Total Operating Expenses	**(31.415.596)**	**(25.523.661)**

NOTE 31 OTHER OPERATING INCOME (EXPENSES)

As of 31 December 2020 and 2019, other operating income/expenses is as follows:

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Other Operating Income	**42.924.817**	**28.269.284**
Provisions No Longer Required (Lawsuits)	-	60.480
Interest Eliminated from Sales	16.875.493	14.489.174
Interest and Rediscount Income	1.527.537	1.841.776
Foreign Exchange Gains (Trade Receivables and Payables)	24.521.637	11.857.066
Other Income and Profits	150	20.788
Other Operating Expenses (-)	**(33.237.581)**	**(22.439.001)**
Interest Eliminated from Purchases	(8.570.988)	(9.405.133)
Interest and Rediscount Expenses	(2.614.622)	(1.829.464)
Foreign Exchange Losses (Trade Receivables and Payables)	(21.846.678)	(10.642.779)
Other Expenses and Losses (-)	(205.293)	(561.625)
Other Operating Income / Expenses (Net)	**9.687.236**	**5.830.283**

NOTE 32 GAINS/ (LOSSES) FROM INVESTMENT ACTIVITES

As of 31 December 2020 and 2019, gains from investment activities is as follows:

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Dividend Income	-	6.067
Other	39.764	-
Total	39.764	6.067

NOTE 33 FINANCIAL INCOME / EXPENSE

As of 31 December 2020 and 2019, financial income/expenses is as follows:

As of 31 December 2020 and 2019, financial income is as follows:

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Interest Income	2.686.120	10.665.397
Foreign Exchange Gains	6.503.314	615.654
Total Financial Income	9.189.434	11.281.051

As of 31 December 2020 and 2019, financial expenses is as follows:

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Bank Charges and Interest Expenses	(14.193.410)	(5.515.427)
Foreign Exchange Losses	(509.752)	(441.331)
Total Financial Expenses	**(14.703.162)**	**(5.956.758)**

The Group has no capitalised financing costs during the period.

NOTE 34 ASSETS HELD FOR SALE

None.

NOTE 35 INCOME TAX

The Group's tax expense (or income) consists of current period's corporate tax expense and deferred tax expense (or income).

As of 31 December 2020 and 2019, tax assets and liabilities is as follows:

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Current Period Tax Expense (-)	(10.608.833)	(4.058.896)
Deferred Tax Income / (Expense)	(1.174.878)	(6.197.569)
Total Tax Income / (Expense)	**(11.783.711)**	**(10.256.465)**

Account Name	31 December 2020	31 December 2019
Current Period Tax Expense (-)	10.608.833	4.058.896
Prepaid Taxes (-)	(10.184.131)	(2.795.347)
Total Net Tax	**424.702**	**1.263.549**

i) Current Period Statutory Tax Provision

Advance tax in Turkey is calculated and accrued on a quarterly basis. The corporation tax rate is 22% in Turkey in 2020 (2019 and 2018: 22%). Corporation tax is payable on the total income of the Group after adjusting for certain disallowable expenses, income not subject to tax and allowances.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years profits.

Pursuant to Article 24 of the Corporate Tax Law No. 5520, the corporate tax return is levied upon the declaration of the taxpayer. There is no clear and definitive agreement on tax assessment procedures in Turkey. Pursuant to Article 25 of the Corporate Tax Law No. 5520, corporations prepare and declare their tax returns from the first day of the fourth month to the evening of the twenty-fifth day of the fourth month following the end of the accounting period for their annual earnings. It is possible to carry out an inspection by the Tax Administration within the 5-year statute of limitations starting from the following accounting period.

Corporation Tax rate applied in Turkey is 20%. In accordance with the "Law on the Amendment of Certain Tax Acts and Some Other Laws" numbered 7061 and published in Official Gazette on 5 December 2017; the corporate tax rate for the years 2018, 2019 and 2020 has been increased from 20% to 22%. Therefore, deferred tax assets and liabilities as of 31 December 2020 are calculated with 22% tax rate for the temporary differences that will be realised in 2019 and 2020; and with 22% tax rate for the temporary differences that will be realised after 2021 and onwards. (for the accounting periods starting within the related year for the institutions designated as special accounting period).This amendment is effective for taxation for periods beginning on 1 January 2018.

Since the effective tax rate for 3 periods has changed as 22% as of 1 January 2018, 22% tax rate has been used for the temporary differences expected to occur within 3 years (2018, 2019 and 2020) in the deferred tax calculation as of 31 December 2018. However, since the corporate tax rate after 2020 is 20%, tax rate has been calculated 20% for temporary differences expected to occur after 2020.

Income Withholding Tax:

In addition to the corporate tax, it is required to calculate income tax withholding on any dividends, except for those distributed to all taxpayer entities and Turkish branches of foreign companies gaining dividend for such distribution and declaring these dividends within the corporate profit. The rate of income withholding tax implemented as 10% between 24 April 2003 and 22 July 2006. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006.

ii) Deferred Tax:

Datagate and its Subsidiary, recognise deferred tax assets and liabilities based upon temporary differences arising between their consolidated financial statements prepared in accordance with TFRS and the Turkish tax legislations. The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

Account Name	31 December 2020 Cumulative Temporary Differences	31 December 2020 Deferred Tax Assets/ (Liabilities)	31 December 2019 Cumulative Temporary Differences	31 December 2019 Deferred Tax Assets/ (Liabilities)
Property, Plant and Equipment and Intangible Assets	(464.892)	(92.978)	(492.403)	(98.481)
Rediscount Expenses	30.087.007	6.017.401	38.532.070	8.477.056
Provision for Employment Termination Benefits	1.130.641	226.128	785.795	157.159
Provision for Lawsuits	46.048	9.210	43.062	9.474
Provision for Inventory Impairment	3.972.884	794.577	1.520.610	334.534
Valuation Difference on Notes Payable	(566.968)	(113.394)	(334.081)	(73.498)
Derivative Instruments	3.104.246	620.849	(153.862)	(33.850)
Inventory Financing	1.086.441	217.288	466.180	102.560
Other	395.053	79.011	149.898	32.978
Deferred Tax Assets / (Liabilities), Net		**7.758.092**		**8.907.932**

	31 December 2020	31 December 2019
Deffered Tax Asset/(Liabilities) at Beginning of the Period (Net)	8.907.932	15.100.031
Deferred Tax Income / (Expense)	(1.174.878)	(6.197.569)
TFRS 9 Adjustments	-	
Actuarial Gains/Losses on Employment Termination Benefits	25.038	5.470
Deferred Tax Assets/(Liabilities) at the End of the Period	7.758.092	8.907.932

NOTE 36 EARNINGS PER SHARE

The amount of profit per share is calculated by dividing the net profit for the period by the weighted average share of the Group shares during the year. The Group's earnings per share is as follows.

Account Name	1 January 2020 31 December 2020	1 January 2020 31 December 2020
Profit for the Period	25.149.650	23.545.145
Weighted Average Number of Shares	30.000.000	30.000.000
Earnings /(Losses) Per Share (*)	**0,838322**	**0,784838**

NOTE 37 RELATED PARTY DISCLOSURES

a) Related parties balances are as follows:

	Receivables		Payables	
31 December 2020	**Trade Receivables**	**Other Receivables**	**Trade Payables**	**Other Payables**
İndeks A.Ş.	586.984	-	6.407.047	-
Teklos A.Ş.	-	-	728.547	-
Neteks A.Ş.	-	-	-	-
Neteks Teknoloji A.Ş	-	-	-	-
Neotech A.Ş	-	-	-	-
Homend A.Ş.	-	-	-	-
Artım A.Ş.	-	-	-	-
Desbil A.Ş.	82.282	-	-	-
Total	**669.266**	**-**	**7.135.594**	**-**

	Receivables		Payables	
31 December 2019	**Trade Receivables**	**Other Receivables**	**Trade Payables**	**Other Payables**
İndeks A.Ş.	47.614	-	1.070.163	-
Teklos A.Ş.	-	-	620.226	-
Neteks A.Ş.	14			
Datagate A.Ş.	-		-	-
Neotech A.Ş.	-	-	-	-
Homend A.Ş.	-	-	84.782	-
Artım A.Ş.	-		4.244	-
Desbil A.Ş.	54	-	-	-
Total	**47.682**	**-**	**1.779.415**	**-**

The receivables and payables from related parties are not include collateral. The provision for doubtful receivables is not calculated and reflected to the consolidated financial statements for the related parties. The current account balances between the parties are generally caused by the finance operations. However, in some cases, there may also be cash disbursements among intercompany transactions. The balances due to non finance operations are classified as other payables or receivables. The bank operates interest for current account balances and is invoiced on a quarterly basis.

The Group has interest gains on USD, EUR and TL for the account balances during the period, and the effective annual interest in 2020 is USD 2,65% - 7,00% and EUR 2,50% -5,50% and TL 8,75% –21,00%. (31 December 2019: (3,50% - 8,50%) (2,75% – 8,25%) and (10,80% -29,00%) respectively.

a) Related parties transactions are as follows:

31 December 2020

Sales	**Goods and Services**	**Joint Venture Participation Costs**	**Interest Income and Foreign Exchange Gains**	**Total**
İndeks A.Ş.	2.358.352	1.284.922	2.566.198	6.209.472
Homend A.Ş.	187.732	244	32.506	220.482
İnfin A.Ş.	-	16	1.883	1.899
Neteks Teknoloji A.Ş.	153.500	1.202	18.340	173.042
Teklos A.Ş.	98.592	1.436	6.144	106.172
Total	**2.798.176**	**1.287.820**	**2.625.071**	**6.711.067**

Purchases	**Goods and Services**	**Joint Venture Participation Costs**	**Interest Expenses and Foreign Exchange Losses**	**Total**
İndeks A.Ş.	17.622.729	5.953.479	2.276.779	25.852.987
Neteks Teknoloji	18.431	-	3.087	21.518
Teklos A.Ş.	7.550.866	688.484	66.218	8.305.568
Total	**25.192.026**	**6.641.963**	**2.346.084**	**34.180.073**

The Group has no letters of guarantee recieved or given from related parties during the period.

31 December 2019

Sales

	Goods and Services	Joint Venture Participation Costs	Interest Income and Foreign Exchange Gains	Total
İndeks A.Ş.	553.583	7.447	7.301.416	7.862.446
Homend A.Ş.	-	705	-	705
Teklos A.Ş.	3.666	12.927	-	16.593
TOTAL	**557.249**	**21.079**	**7.301.416**	**7.879.744**

Purchases	Goods and Services	Joint Venture Participation Costs	Interest Expenses and Foreign Exchange Losses	Total
Artım A.Ş.	4.044	-	591	4.635
İndeks A.Ş.	85.211	3.429.725	12.202	3.527.138
Neteks Teknoloji	814	-	15	829
Teklos A.Ş.	2.716.311	288.516	63.194	3.068.021
TOTAL	**2.806.380**	**3.718.241**	**76.002**	**6.600.623**

The Group has no letters of guarantee recieved or given from related parties during the period.

c) Key management compensation

Account Name	**31 December 2020**	**31 December 2019**
Key management compensation	6.115.827	4.888.230
Employment Termination Benefits	-	-
Total	**6.115.827**	**4.888.230**

Key management compensation include the benefits and services provided to the senior management and the remuneration of the general manager and assistant general managers.

NOTE 38 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments and Financial Risk Management

(a) Capital Risk Management

The Group's main objectives for capital management are to keep the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debts includes the credits explained in note 8, cash and cash equivalents explained in note 6 and resource items containing respectively issued capital, capital reserves, profit reserves and profits of previous years explained in note 27. Risks, associated with each capital class, and the senior managemen evaluates the capital cost. It is aimed that the capital structure will be stabilized by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the senior management evaluations.

The Group monitors capital by using the debt to total capital ratio. This ratio is calculated by dividing net debt by total capital.

Net debt is calculated by deducting cash and cash equivalents from the total debt amount (as shown in the balance sheet, loans, financial leasing and trade payables). Total capital is calculated by summing the equity and net debt as shown in the balance sheet.

General strategy based on the Group's equity does not differ from the previous period. The Group has no speculative financial instruments (including derivative financial instruments) and does not have any activities related to the purchase and sale of such instruments.
(b) Significant accounting policies

The Group's significant accounting policies relating to financial instruments are presented in the **Note 2**.

(c) Risks

Because of its operations, the Group is exposed to financial risks related to exchange rates and interest rates. The Group also holds the financial instruments risk that other party not be able to meet the requirements of the agreement.

Market risks seen at the level of Group are measured according to the sensitivity analysis principle. Market risks faced by the Group in current period or the process of undertaking the faced risks or the process of the measure of faced risks were not changed compare to previous year.

(c1) Foreign Exchange Risk

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities for USD and EURO of the Group are defined as the "Net foreign currency position" and it is the basis of the currency risk. Another important dimension of the currency risk exposure is the transactions of the Group. These risks arise from the

Group's purchase and sale of goods and services in a foreign currency and the use of foreign currency bank borrowings.

The Group management evaluates and monitors the balance of the assets and liabilities denominated in Turkish Lira as open positions. As of 31 December 2020 and 2019, assets and liabilities denominated in foreign currency are as follows:

As of 31 December 2020, if EUR and USD had appreciated by 10% against TL with all other variables held constant, profit before tax would have been TL 8.576.860 higher. (31 December 2019: TL 6.077.874 higher)

Current Period 31 December 2020	**Profit / Loss**	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**
The impact of 10% USD increase in income statement		
1- USD Net Asset / Liability	7.885.405	(7.885.405)
2- Hedged portion of USD Risk (-)		
3- USD Net Effect (1+2)	**7.885.405**	**(7.885.405)**
The impact of 10% EURO increase in income statement		
4- EURO Net Asset / Liability	691.455	(691.455)
5- Hedged portion of Euro Risk (-)		
6- EURO Net Effect (4+5)	**691.455**	**(691.455)**
The impact of 10% Other currencies increase in income statement		
7- Other currencies Net Asset / Liability	-	-
8- Hedged portion of Other Currencies Risk (-)	-	-
9- Other Currencies Net Effect (7+8)	-	-
Total	**8.576.860**	**(8.576.860)**

Exchange Rate Sensitivity Analysis Table

Previous Period 31 December 2019	**Profit / Loss**	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**
The impact of 10% USD increase in income statement		
1- USD Net Asset / Liability	5.376.332	(5.376.332)
2- Hedged portion of USD Risk (-)		
3- USD Net Effect (1+2)	**5.376.332**	**(5.376.332)**
The impact of 10% EURO increase in income statement		
4- EURO Net Asset / Liability	701.542	(701.542)
5- Hedged portion of Euro Risk (-)		
6- EURO Net Effect (4+5)	**701.542**	**(701.542)**
The impact of 10% Other currencies increase in income statement		
7- Other currencies Net Asset / Liability	-	-
8- Hedged portion of Other Currencies Risk (-)	-	-
9- Other Currencies Net Effect (7+8)	-	-
Total	**6.077.874**	**(6.077.874)**

Foreign Exchange Position Table

	31 December 2020			31 December 2019		
	TL Equivalent	USD	EURO	TL Equivalent	USD	EURO
1. Trade Receivables	30.045.977	4.088.443	3.859	33.594.883	4.981.641	601.891
2a. Monetary Financial Assets	10.094.070	738.980	518.388	3.242.498	542.380	3.106
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	24.415.298	2.639.877	559.207	10.555.755	1.198.190	516.986
4. Total Current Assets (1+2+3)	64.555.345	**7.467.300**	**1.081.454**	**47.393.136**	**6.722.211**	**1.121.983**
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Total Non Current Assets(5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	64.555.345	**7.467.300**	**1.081.454**	**47.393.136**	**6.722.211**	**1.121.983**
10. Trade Payables	8.718.037	808.106	309.299	4.460.274	706.208	39.885
11. Financial Liabilities	-	-	-	220.781	37.167	-
12a. Other Monetary Liabilities	188.368	20.084	4.545	142.496	23.095	798
12b. Other Non- Monetary Liabilities	14.931	2.034	-	1.531.909	228.281	26.445
13. Total Current Liabilities (10+11+12)	8.921.336	**830.224**	**313.844**	**6.355.460**	**994.751**	**67.128**
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-	-	-	-
17. Total Non Current Liabilities (14+15+16)	-	-	-	-	-	-
18. Total Liabilities (13+17)	8.921.336	**830.224**	**313.844**	**6.355.460**	**994.751**	**67.128**
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b	30.134.587	4.105.250	-	19.741.067	3.323.300	-
19a. Total Asset Amount of Hedged	30.134.587	4.105.250	-	19.741.067	3.323.300	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	85.768.596	**10.742.326**	**767.610**	**60.778.743**	**9.050.760**	**1.054.855**
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	31.233.642	**3.999.233**	**208.403**	**32.013.830**	**4.757.551**	**564.314**
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge						
23. Foreign Exchange Hedged Portion Amount of Assets	33.238.834	4.105.250	-	19.587.205	3.323.300	-
24. Foreign Exchange Hedged Portion Amount of Liabilities	-	-	-	-	-	-
25. Export	420.900	-	-	1.207.715	-	-
26. Import	248.693.810	-	-	155.683.402	-	-

c2) Credit Risk Details

The exposure of consolidated financial assets to credit risk is as follows:

31 December 2020	Receivables					Bank Deposits and Reverse Repo	
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other	Notes		Notes
Maximum exposure to credit risk as of reporting date (A+B+C+D)	669.266	**310.323.468**	-	**402.670**		**14.588.947**	
- Maximum risk, secured with guarantees	-	187.998.670	-	-		-	
A. Net book value of neither past due nor impaired financial assets	669.266	**309.739.223**	-	**402.670**	**10-11**	**14.588.947**	**6**
B. Net book value of past due but not impaired financial assets	-	584.245	-	-		-	
- Secured with guarantees	-	-	-	-		-	
C. Net book value of impaired assets	-	-	-	-	**10-11**	-	**6**
- Past due (gross amount)	-		-	-		-	
- Impairment (-)	-	4.817.103	-	-	**10-11**	-	**6**
- Secured with guarantees	-	(4.817.103)	-	-	**10-11**	-	**6**
- Not past due (gross amount)	-	-	-	-	**10-11**	-	**6**
- Impairment (-)	-	-	-	-	**10-11**	-	**6**
- Secured with guarantees	-	-	-	-	**10-11**	-	**6**
D. Expected Credit Losses (-)							

31 December 2019	Receivables					Bank Deposits	
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other	Notes		Notes
Maximum exposure to credit risk as of reporting date (A+B+C+D)	47.682	**276.037.417**	-	**378.305**		**23.512.486**	
- Maximum risk, secured with guarantees	-	196.544.576	-	-		-	
A. Net book value of neither past due nor impaired financial assets	47.682	**275.310.133**	-	**378.305**	**10-11**	**23.512.486**	
B. Net book value of past due but not impaired financial assets	-	727.284	-	-		-	
- Secured with guarantees	-	-	-	-		-	
C. Net book value of impaired assets	-	-	-	-	**10-11**	-	**6**
- Past due (gross amount)	-	-	-	-		-	
- Impairment (-)	-	4.525.915	-	-	**10-11**	-	**6**
- Secured with guarantees	-	(4.525.915)	-	-	**10-11**	-	**6**
- Not past due (gross amount)	-	-	-	-	**10-11**	-	**6**
- Impairment (-)	-	-	-	-	**10-11**	-	**6**
- Secured with guarantees	-	-	-	-	**10-11**	-	**6**
D. Expected Credit Losses (-)							

	Receivables	
31 December 2020	**Trade Receivables**	**Other Receivables**
Past due up to 1 month	1.481.113	-
Past due 1-3 months	396.090	-
Past due more than 3 months	296.065	-
Secured with guarantees	1.589.023	-

	Receivables	
31 December 2019	**Trade Receivables**	**Other Receivables**
Past due up to 1 month	2.078.353	-
Past due 1-3 months	336.510	-
Past due more than 3 months	202.405	-
Secured with guarantees	1.889.984	-

Credit Risk Management:

Credit risk management procedures:

Datagate's collection risk arises mainly from its trade receivables. Almost all of the trade receivables are due to receivables from dealers. The Group has established an effective control system on its dealers and the credit risk arising from these transactions is followed by the risk management team and the Group management and limits are set for each dealer and limits are revised when necessary. Receiving sufficient collateral from dealers is another method used in the management of credit risk. The Group does not have a significant trade receivable risk due to the fact that it is a creditor from a large number of customers rather than a small number of customers. Trade receivables are evaluated by taking into consideration the past experiences and current economic situation of the Group management and are presented on the balance sheet net of provision for doubtful receivables. The low profit margin of the sector due to the structure of the sector makes collection and risk tracking policies significant for the Group and maximum sensitivity is presented accordingly. Our detailed explanations on our collection and risk management policy are as follows.

For receivables exceeding the maturity of several months, enforcement proceedings and / or lawsuits are filed. The same process could be executed some dealers who are in financial stress. Since profit margins in the sector are low, collection of receivables is extremely important. There are current accounts and risk management units in order to reduce the risk of receivables with credibility evaluations are made through dealers. Cash collections are made from the resellers who are new or risky and sales are made.

Cash collecting procedure with companies that have not completed 1 year in the sector: In the sector, it is worked with cash collecting with the computer companies that have not completed 1 year.

The intelligence team, which consists of two personnel who are structured within the current accounts and risk management department, constantly make the intelligence of the dealers.

Credit Committee: The necessary intelligence services of the companies that have completed one year in the sector and the credit limit increase are arranged by the intelligence team and presented to the credit committee collected every week. The credit committee consists of the finance manager, current accounts manager, intelligence staff and the sales department manager of the relevant customer, under the chairmanship of the deputy general manager in charge of financial affairs. The credit committee establishes credit limits to firms based on the information obtained and past payment and sales performance. It determines the mode of operation and, if necessary, requests the collateral to be received from the dealer.

Trade receivables are evaluated by taking into consideration the Group policies and procedures and accordingly, and doubtful receivables are presented in the balance sheet accordingly. **(Note 10).**

(c3) Interest Rate Risk

The Group is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixedfloating interest and short-long term nature of borrowings as well as using derivative instruments for hedging purposes.

Interest Rate Position Table

	31 December 2020	31 December 2019
Fixed Interest Rate Financial Instruments		
Financial Assets	2.030.881	17.095.407
Financial Liabilities	186.080.167	115.926.958
Floating Interest Rate Financial Instruments		
Financial Assets	-	-
Financial Liabilities	-	-

As of 31 December 2020, in the case of 100 bps rise in the annual interests, with all other variables held constant, profit before tax would have been TL 1.840.493 lower.

As of 31 December 2019, in the case of 100 bps rise in the annual interests, with all other variables held constant, profit before tax would have been TL 988.316 lower.

(c4) Liquidity Risk

Liquidity risk is the risk that a Group will be unable to meet its funding needs. Prudent liquidity risk management is to provide sufficient cash and cash equivalents, to enable funding with the support of credit limits provided by reliable credit institutions and to close funding deficit. The Group provides funding by balancing cash inflows and outflows through the provision of credit lines in the business environment.

Liquidity risk statements

Prudent liquidity risk management signifies maintaining sufficient cash, the utility of fund sources by sufficient credit transactions and the ability to close out market positions. The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate and high quality lenders.

Undiscounted contractual cash flows of the consolidated financial liabilities as of 31 December 2020 and 2019 are as follows:

31 December 2020

	Carrying Value	Total Contractual Cash Outflow	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Financial Liabilities	**294.566.744**	**300.064.253**	**224.707.741**	**73.413.703**	**1.942.809**	-
Bank Borrowings	*183.176.888*	*187.355.703*	*115.225.352*	*72.130.351*	-	-
Lease Liabilities	*2.903.279*	*3.655.005*	*428.844*	*1.283.352*	*1.942.809*	
Trade Payables	*108.034.094*	*108.601.062*	*108.601.062*	-	-	-
Other Payables	*452.483*	*452.483*	*452.483*	-		-
Other	-	-	-	-		

	Carrying Value	Total Contractual Cash Outflow	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Derivative Instruments	**(3.104.246)**	**(3.640.280)**	**(3.640.280)**	-	-	-
Cash Inflows	30.134.588	30.134.588	30.134.588	-	-	-
Cash Outflows	(33.238.834)	(33.774.868)	(33.774.868)	-	-	-

31 December 2019

	Carrying Value	Total Contractual Cash Outflow	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Financial Liabilities	**188.982.107**	**194.658.467**	**144.544.830**	**47.648.293**	**2.465.345**	-
Bank Borrowings	*113.043.946*	*118.082.799*	*71.416.713*	*46.666.086*	-	-
Lease Liabilities	*2.883.013*	*3.854.602*	*407.051*	*982.207*	*2.465.345*	-
Trade Payables	*71.156.264*	*70.822.182*	*70.822.182*	-	-	-
Other Payables	*1.898.884*	*1.898.884*	*1.898.884*	-	-	-
Other	-	-	-	-	-	-

	Carrying Value	Total Contractual Cash Outflow	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Derivative Instruments	**153.862**	**(78.898)**	**(78.898)**	-	-	-
Cash Inflows	19.741.067	19.741.067	19.741.067	-	-	-
Cash Outflows	(19.587.205)	(19.819.965)	(19.819.965)	-	-	-

(c5) Other

Equity Securities, etc. Risks Related Financial Instruments

The Group does not have any securities and similar financial assets sensitive to changes in fair value.

NOTE 39 FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

Financial Risk Management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, interest rate risk, commodity price risk and product profit margin/crack margin risk) and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative instruments to hedge risk exposures.

Fair Value of Financial Instruments

Fair value is the amount for which a financial instrument could be exchanged, or a liability settled between, willing parties during current transaction, other than in a forced sale or liquidation, and is best evidenced through a quoted market price, if one exists.

The Group determined fair value of financial instruments by using available market information and appropriate valuation methods. However, evaluating the market information and forecasting the real values requires interpretation. As a result, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial Assets

Financial assets and liabilities denominated in foreign exchanges have been translated into Turkish Lira at the exchange rates prevailing at the balance sheet date. The carrying values of financial assets and liabilities denominated in foreign exchanges are considered to approximate their respective carrying values.

The carrying values of cash and cash equivalents including cash in hand and demand deposits, accrued interests and other financial assets are considered to approximate their respective carrying values due to their short-term nature and insignificant credit risk. The carrying values of trade receivables after deduction of provision for doubtful receivables are considered to approximate their respective carrying values.

Financial Liabilities

Financial assets and liabilities denominated in foreign exchanges have been translated into Turkish Lira at the exchange rates prevailing at the balance sheet date. The carrying values of Financial assets and liabilities denominated in foreign exchanges are considered to approximate their respective carrying values.

The fair values of trade payables, bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Fair value estimation:

Effective from 1 January 2009, the Group has applied the amendment to TFRS 7 for financial instruments measured at fair value in the balance sheet. This amendment is explained on the basis of the levels in the following calculation hierarchy of the fair value calculations

The classification of the Group's consolidated financial assets and liabilities at fair value is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities: The fair value of financial assets and financial liabilities are determined with reference to quoted market prices.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices): The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions

Level 3: Inputs for the asset or liability that are not based on observable market data.

Financial assets and liabilities denominated in foreign exchanges have been translated into Turkish Lira at the exchange rates prevailing at the balance sheet date. The carrying values of financial assets and liabilities denominated in foreign exchanges are considered to approximate their respective carrying values.

As of 31 December 2020 and 2019, the Group has presented its financial investments at fair value in the consolidated financial statements. (Level 2) (Note 7)

The fair values of certain financial assets carried at amortized cost, such as cash and cash equivalents, are considered to approximate their respective carrying values due to their short-term nature.

Trade receivables and payables are measured at amortized cost using the effective interest method, and are therefore considered to approximate their fair values.

NOTE 40 EVENTS AFTER THE BALANCE SHEET DATE

None.

NOTE 41 THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

As of the reporting date, possible effects of COVID-19 (Coronavirus) pandemic, which affects the whole World and Turkey, on the Group's operations and financial results are closely monitored in all respects, and necessary actions are taken to ensure that the Group is affected in the least possible way. Due to the Coronavirus, there may be disruptions in the Group's procurement, production and sales processes in parallel with the developments/slowdown in the sectors in which the Group operates and in general economic activity. The Group's purchases and sales from operations decreased in April 2020, but operations of the Group significantly compensate the decrease in April from May and June. In order to ensure the sustainability of businesses, regulations have been made by the government regarding short-time work allowance, compensatory work, deferral of tax and SSI payables, and facilitating access to financing resources, and the scope of the precautionary measures are constantly expanded according to the emerging needs of businesses. In addition, to the effects on general economic activity, the effects of the Group on the operations of the Group are evaluated comprehensively by the Group Management and plans are implemented to mitigate the possible negative impact of the pandemic on the consolidated financial statements. As of 31 December 2020, the Group Management estimated no significant impairment in the consolidated financial statements as a result of the assessments.