

**Datagate Bilgisayar Malzemeleri  
Ticaret Anonim Őirketi**

**FOR THE YEAR ENDED  
31 DECEMBER 2019**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**  
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## INDEPENDENT AUDITOR'S REPORT

**The Board of Directors of Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi;**

### Independent Audit of Financial Statements

#### Opinion

As of the period ended 31 December 2019 of the Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi (“Company”); We have audited the financial statements composed of from financial statements footnotes including the statement of profit or loss and other comprehensive income, statements of changes in shareholders' equity, cash flows and summary of significant accounting policies.

In our opinion, the accompanying financial statements of 31 December 2019 as the financial situation and on the same date ended the period its financial performance and its cash flows for Turkey Accounting Standards (“TAS”) offers in a fair manner with appropriate as all important aspects.

#### Basis for Opinion

We did the audit, Public Oversight, Accounting and Auditing Standards Agency (“POA”) released by Turkey Auditing Standards, which is part of the Independent Audit Standards (“InAS”) was carried out accordingly. Our responsibilities within the scope of these Standards are explained in details in our report Responsibilities of Independent Auditor for Independent Auditing of Financial Statements, section. We hereby declare that we are independent from the Company in accordance with the Code of Ethics for Independent Auditors issued by the POA (Ethical Rules) and independent auditing of financial statements. Other responsibilities regarding the Code of Ethics and the ethics covered by the legislation have also been fulfilled by us. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Trade Receivables	
Look at: Note Relating to Financial Statements 2.08 and Note 10.	
Key Audit Matter	How our audit addressed the key audit matter
<p>Trade receivables are an important part of the Company's asset size. The company is authorized by Türk Telekom Group (Türk Telekom A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş and TTNET A.Ş., 3 of which will be referred to as Türk Telekom Group.) Mobile phones, mobile devices, accessories, Türk Telekomünikasyon A.Ş. (Türk Telekom) is engaged in the sales of Türk Telekom Group branded products. Since the company is the distributor of Türk Telekom Group, there is a concentration in its field of activity. The Company uses credit by assigning the receivable amounts resulting from device sales to financial institutions. As per the terms and conditions, the principal and interest amounts of the loans are paid by Türk Telekom Group on maturities. In addition, Türk Telekom Group is also transferred to factoring companies as intermediaries and transferred to factoring companies, which are intermediated in collection by Türk Telekom Group. As per the terms and conditions, the principal and interest rates of loans and factoring amounts are paid by Türk Telekom Group. Due to the fact that the sales made from the Türk Telekom Group or factoring institutions were collected, the receivables formed in this process, the reconciliation of these receivables and the calculation of their discounts were evaluated as a key audit matter.</p>	<p>Our audit procedures are designed to verify and reconcile discount of trade receivables.</p> <p>The Company has taken into consideration the interest rates on loans and factoring when discounting the assigned trade receivables and subjected to the discount of trade receivables other than the assignment according to their maturities. The Company invoices the dealers to the dealers, including the interest amounts applied by the credit or factoring companies to the Company, thus equalizing the interest income and the interest expenses on credit and factoring. Our auditing controls are concentrated in this direction and the depreciation statements and factoring statements are evaluated by us.</p> <p>The Company uses either credit for assigning sales or collects and disposition of receivables to factoring companies as potential assets. As per the terms and conditions, the principal and interest rates of loans and factoring amounts are paid by Türk Telekom Group.</p> <p>In our audit, the balance of the receivables and disposition receivables of the Company and the balance between the amounts of loans and factoring payables are compared.</p>



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Inventory Impairment Provision	
Look at: Note Relating to Financial Statements 2.08 and Note 13.	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
Depending on the Company's technological developments and changes, its products in stocks can be subject to technological aging and low price in a short time. The Company has an inventory item amounting to TL 56.566.609 and the provision for inventories of the Company for inventories amounted to TL 261.340. The Company uses some estimates to bring its depreciated inventory to its net realizable value as a result of outdated or technological developments. The Company's inventory impairment policy is based on the calculation of the provision for inventory impairment with increasing percentages due to the increase in inventory waiting times for the products that are waiting for more than 3 months in inventories during the determination of the provision for inventory impairment. The high level of stock balance and accordingly the impairment calculation is considered as a key audit matter.	Our audit procedures are designed to query the net realizable value of inventories.  It is evaluated whether net realizable value provisions are needed in light of the changes in gross sales profit on general or product basis.  After the balance sheet date, sales invoice samples were examined and unit prices in these invoices were compared with unit prices in the balance sheet period.  The ratio of the cost of sales to sales, the inventory turnover rate and the cost of sales were compared with the previous year's rates and amounts to check for unusual deviations.  For all inventory groups, inventory movement statement was prepared and the changes in inventories were evaluated and inventories were aged and the inventory which had lost its ability to sell from previous periods was examined. On the basis of the inventory aging statement of the Company and waiting periods in inventory, inventory impairment test was evaluated.

Trade Payables	
Look at: Note Relating to Financial Statements 2.08 and Note 10.	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
The Company has a Trade Payable balance amounting to TL 41.284.873 and is considered as a key audit matter due to the size of the Company's trade payables.	Our audit procedures are designed to question the accuracy of Trade Payables.  A detailed list of Trade Payables has been obtained and reconciliations have been made with the vendor companies that make up the Trade Payables balance in the Company's records and / or have been checked by the payments made after the balance sheet date. If the seller debts that have not been paid for a long period of time, the reasons for interest or maturity difference for the

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	current accounts are evaluated. Exchange rate differences studies of the Company's foreign exchange and foreign exchange indexed vendors and depreciation of Trade Payables were evaluated.
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Revenue	
Look at: Note Relating to Financial Statements 2.08 and Note 28.	
Key Audit Matter	How our audit addressed the key audit matter
The recognition of expenses is considered as a key audit matter for the timely and accurate determination of income.	<p>Our audit procedures are designed to question the accuracy of revenue recognition.</p> <p>The sales and delivery procedures of the Company regarding the revenue process were examined and evaluated.</p> <p>Our audit procedures focus on assessing the cases where invoices have been issued but risk and ownership have not been transferred.</p> <p>It is evaluated whether there is a high return after the balance sheet date by requesting details of the returns from sale account as of the audit date.</p> <p>The invoices, delivery date, warehouse delivery and delivery documents of the sales transaction were checked and the actual delivery was made before the balance sheet date.</p>

### Management's and Senior Management's Responsibilities for the Financial Statements

Company management; is responsible for the preparation of the financial statements in accordance with the TAS, its presentation in a fair manner and the internal control it deems necessary for the preparation of the financial statements in a manner that does not contain material misstatement.

Management in preparing financial statements; It is responsible for evaluating the ability of the Company to continue its continuity, explaining the issues related to continuity when necessary and liquidating the Company or terminating the business activity or using the continuity principle of the enterprise unless it is obliged to do so.

Those responsible for senior management are responsible for overseeing the Company's financial reporting process.

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## Auditors' Responsibilities for Independent Auditing of Financial Statements

In an independent audit, we have the responsibilities of independent auditors:

Our purpose is to obtain reasonable assurance whether the financial statements as a whole contain material misstatement of error or fraud, and to issue an independent auditor's report including our opinion. Reasonable assurance given as a result of an independent audit conducted in accordance with IAS's; it is a high level of assurance, but it does not guarantee that any significant error will always be detected. Mistakes may be caused by error or fraud. These inaccuracies are considered to be significant if it is reasonably expected that the errors will affect the economic decisions of the users of the financial statements collectively.

As part of the independent audit conducted in accordance with IAS's, we use our professional judgment and continue our professional skepticism throughout the independent audit. We also include:

- Errors in the financial statements or welded cheating "major mistake" risks are identified and evaluated; audit procedures that are designed and implemented in response to these risks and adequate and appropriate audit evidence to form the basis for our opinion is obtained. (The risk of not detecting a significant error caused by fraud is higher than the risk of not detecting a significant error arising from the error, as the fraud may involve misconduct, fraud, intentional negligence, false statement or internal control violations.)
- The internal control of the audit is evaluated to design audit procedures that are appropriate for the situation, but not for an opinion on the effectiveness of the Company's internal control.
- The appropriateness of the accounting policies used by the management and the accounting estimates made and the related disclosures are evaluated.
- Based on the audit evidence obtained, it is concluded that there is a significant uncertainty about the circumstances or circumstances that may cause serious doubt about the ability of the Company to maintain its continuity and the suitability of the management to use the continuity principle of the entity. In the event that we conclude that there is a significant uncertainty, we need to draw attention to the relevant statements in the financial statements or give an opinion other than the positive opinion if these statements are insufficient. Our conclusions are based on the audit evidence obtained until the date of the independent auditor's report. However, future events or conditions may terminate the Company's continuity.
- It is evaluated whether the financial statements, including the explanations, reflect the general presentation, structure and content of these tables in a way that will enable the presentation of the underlying transactions and events in a manner that provides a fair presentation.
- In order to give an opinion on the financial statements, sufficient and appropriate audit evidence is obtained about the financial information related to the enterprises or segments within the group. We are responsible for directing, supervising and conducting company audit. We are also responsible for the audit opinion we provide.

Among other topics, we report the planned scope and timing of the independent audit as well as the significant audit findings to those responsible for the senior management, including the significant internal control deficiencies we identified during the audit.

We have reported to those responsible for senior management that we comply with ethical requirements regarding independence. In addition, we have communicated all relations and other issues that may be considered to have an impact on independence and, if any, measures to those responsible for senior management.

Among the issues notified to those responsible for senior management, we identify the most important issues in the independent audit of the financial statements for the current period, ie the key audit issues. In cases where the legislation does not permit the disclosure of the matter, or in exceptional cases where it is reasonably expected that the negative consequences of public disclosure will be exceeded by the public interest, we may decide not to report the matter in our independent auditor report.

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### Other Liabilities Arising from the Legislation

1) The Auditor's Report on the Early Detection of the Risk System and the Committee held in accordance with the fourth paragraph of Article 398 of the Turkish Commercial Code No. 6102 ("TCC") was submitted to the Board of Directors of the Company on 14 February 2020.

2) In accordance with the fourth paragraph of Article 402 of the TCC, no significant matter has been observed regarding the Company's bookkeeping period for the period 1 January - 31 December 2019 and that the financial statements are not in compliance with the provisions of the law and the Company's articles of association regarding financial reporting.

3) In accordance with the fourth paragraph of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided the requested documents within the context of the audit.

The responsible auditor who executes and finalizes this independent audit is Arzu DEVELİ CİLARA.

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

**İstanbul, 14 February 2020**



**Arzu DEVELİ CİLARA**  
Responsible Auditor, CPA

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FINANCIAL POSITION STATEMENT (BALANCE SHEET)

		<i>Audited</i> <i>Current Period</i>	<i>Audited</i> <i>Previous Period</i>
	<i>Notes</i>	<i>31 December 2019</i>	<i>31 December 2018</i>
<b>ASSETS</b>			
<b>Current Assets</b>		<b>264.600.437</b>	<b>210.552.753</b>
Cash And Cash Equivalents	6	21.446.235	73.944.275
Trade Receivables	10	180.492.497	121.964.759
<i>Trade Receivables From Related Parties</i>	<i>10-37</i>	<i>47.614</i>	<i>351.434</i>
<i>Trade Receivables From Non-Related Parties</i>	<i>10</i>	<i>180.444.883</i>	<i>121.613.325</i>
Other Receivables	11	5.673	7.770
<i>Other Receivables From Related Parties</i>	<i>11-37</i>	<i>-</i>	<i>-</i>
<i>Other Receivables From Non-Related Parties</i>	<i>11</i>	<i>5.673</i>	<i>7.770</i>
Derivative Instruments	12	-	-
Inventories	13	56.566.609	11.450.529
Prepaid Expenses	15	4.790.018	1.465.578
Current Period Tax Assets	25	82.551	255.860
Other Current Assets	26	1.216.854	1.463.982
<b>Non-Current Assets</b>		<b>9.944.359</b>	<b>18.095.654</b>
Trade Receivables	10	-	3.604.399
<i>Trade Receivables From Non-Related Parties</i>	<i>10</i>	<i>-</i>	<i>3.604.399</i>
Tangible Fixed Assets	18	204.679	118.251
Right of Use Assets	18	1.734.709	-
Intangible Fixed Assets	19	491.948	538.193
<i>Other Intangible Fixed Assets</i>	<i>19</i>	<i>491.948</i>	<i>538.193</i>
Deferred Tax Assets	35	7.513.023	13.834.811
<b>TOTAL ASSETS</b>		<b>274.544.796</b>	<b>228.648.407</b>

The accompanying notes are an integral part of these statements.



**DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ**  
**FINANCIAL POSITION STATEMENT**  
**AS OF DECEMBER 31, 2019**

Page Number: 2

**FINANCIAL POSITION STATEMENT (BALANCE SHEET)**

		<i>Audited</i>	<i>Audited</i>
	Notes	<i>Current Period</i>	<i>Previous Period</i>
		31 December 2019	31 December 2018
<b>LIABILITIES</b>			
<b>Short-Term Liabilities</b>			
		<b>148.877.304</b>	<b>124.216.990</b>
Short-Term Borrowings	8	70.895.633	31.737.716
Short Term Portion Of Long Term Borrowings	8	5.580.603	27.130.066
Trade Payables	10	41.284.873	41.954.875
<i>Trade Payables to Related Parties</i>	10-37	442.470	235.158
<i>Trade Payables to Non-Related Parties</i>	10	40.842.403	41.719.717
Employee Benefits Payables	20	360.737	84.001
Other Payables	11	1.745.977	1.463.588
<i>Other Payables to Non-Related Parties</i>	11	1.745.977	1.463.588
Derivative Instruments	12	-	-
Deferred Income	15	6.018.496	3.805.020
Period Profit Tax Liabilities	35	-	-
Short Term Provisions	22	22.990.985	18.041.724
<i>Other Short Term Provisions</i>	22	22.990.985	18.041.724
<b>Long Term Liabilities</b>		<b>1.519.535</b>	<b>3.818.294</b>
Long Term Borrowings	8	1.224.109	3.604.399
Employee Benefits Long Term Provisions	24	295.426	213.895
<b>SHAREHOLDERS EQUITY</b>	27	<b>124.147.957</b>	<b>100.613.123</b>
<b>Parent Company Shareholders Equity</b>	27	<b>124.147.957</b>	<b>100.613.123</b>
Paid-In Capital		30.000.000	30.000.000
Capital Adjustment Differences		1.241.463	1.241.463
Repurchased Shares (-)		(810.827)	(810.827)
Share Premiums (Discounts)		3.229.361	3.229.361
Other Comprehensive Income Or Expense That Will Not Be Reclassified To Profit Or Loss		(65.066)	(54.755)
<i>Revaluation and Remeasurement Gains/Losses</i>		(65.066)	(54.755)
Other Comprehensive Income or Expense That Will Be Reclassified To Profit Or Loss		1.940.310	1.940.310
<i>Foreign Exchange Translation Differences</i>		1.940.310	1.940.310
Reserves on Retained Earnings Earnings		10.513.622	10.513.622
Previous Years Profits/(Losses)		54.553.949	36.678.534
Net Period Profit/Loss		23.545.145	17.875.415
Non Controlling Interests		-	-
<b>TOTAL LIABILITIES and SHAREHOLDERS' EQUITY</b>		<b>274.544.796</b>	<b>228.648.407</b>

The accompanying notes are an integral part of these statements.



**DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ**  
**PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT**  
**AS OF DECEMBER 31, 2019**

Page Number :3

**PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME STATEMENT**

	Notes	<i>Audited</i> <i>Current Period</i> 1 January 2019 31 December 2019	<i>Audited</i> <i>Previous Period</i> 1 January 2018 31 December 2018
<b>PROFIT OR LOSS</b>			
Revenue	28	751.359.803	745.783.120
Cost of Sales (-)	28	(715.493.261)	(715.880.494)
<b>Gross Profit/(Loss) from Trade Operations</b>		<b>35.866.542</b>	<b>29.902.626</b>
<b>GROSS PROFIT/(LOSS)</b>		<b>35.866.542</b>	<b>29.902.626</b>
General Administrative Expenses (-)	29	(7.206.485)	(7.114.509)
Marketing, Sales And Distribution Expenses (-)	29	(7.566.199)	(6.233.317)
Other Income From Main Operations	31	9.579.724	10.986.349
Other Expenses From Main Operations (-)	31	(8.989.479)	(11.689.477)
<b>MAIN OPERATING PROFIT / (LOSS)</b>		<b>21.684.103</b>	<b>15.851.672</b>
Income From Investment Operations	32	-	-
Expenses From Investment Operations (-)	32	-	-
<b>OPERATING PROFIT OR LOSS BEFORE</b>		<b>21.684.103</b>	<b>15.851.672</b>
<b>FINANCIAL EXPENSE</b>			
Financial Income	33	10.683.376	8.939.251
Financial Expense (-)	33	(2.064.561)	(1.735.448)
<b>Continuing Operations Profit/ (Loss) Before</b>		<b>30.302.918</b>	<b>23.055.475</b>
<b>Taxation</b>		<b>(6.757.773)</b>	<b>(5.180.060)</b>
<b>Continuing Operations Tax Income/(Expense)</b>			
- Period Tax Income/(Expense)	35	(433.407)	-
- Deferred Tax Income/(Expense)	35	(6.324.366)	(5.180.060)
<b>Continuing Operations Period Profit/ (Loss)</b>		<b>23.545.145</b>	<b>17.875.415</b>
<b>PERIOD PROFIT/ (LOSS)</b>		<b>23.545.145</b>	<b>17.875.415</b>
<b>Distribution Of Period Profit / Loss</b>		<b>23.545.145</b>	<b>17.875.415</b>
Non Controlling Interests		-	-
Parent Company Shares		23.545.145	17.875.415
<b>Earnings/ Losses Per Share (*)</b>	36	<b>0,784838</b>	<b>0,595847</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Not be Reclassified in Profit or Loss</b>		<b>(10.311)</b>	<b>(93.572)</b>
Defined Benefit Plans Actuarial Gains/(Losses)	27	(12.889)	(116.965)
Other Comprehensive Income Taxes not to be			
Reclassified to Profit or Loss		2.578	23.393
- Deferred Tax Income/(Expense)		2.578	23.393
<b>Will Reclassified in Profit or Loss</b>	27	<b>-</b>	<b>(25.090)</b>
Foreign Exchange Translation Differences		-	(25.090)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(10.311)</b>	<b>(118.662)</b>
<b>TOTAL COMPREHENSIVE INCOME /</b>			
<b>EXPENSE</b>		<b>23.534.834</b>	<b>17.756.753</b>
<b>Distribution of Total Comprehensive Income</b>		<b>23.534.834</b>	<b>17.756.753</b>
Non Controlling Interests		-	-
Parent Company Shares		23.534.834	17.756.753

The accompanying notes are an integral part of these statements.



**DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ**  
**CHANGES IN SHAREHOLDERS' EQUITY STATEMENT**  
**AS OF DECEMBER 31, 2019**  
**CHANGES IN SHAREHOLDERS EQUITY STATEMENT**

Audited Current Period	Notes	Paid in Capital	Capital Adjustment Differences	Repurchased Shares	Issued Share Premiums/ Discounts	Accumulated Other Comprehensive Income And Expenses That Will Not Be Re-Classified In Profit Or Loss		Accumulated Other Comprehensive Income And Expenses That Will Be Re-Classified In Profit Or Loss	Accumulated Profits		Net Period Profit / Loss	Shareholders Equity
						Revaluation and Measurement Gains/(Losses)	Other Gains/(Losses)	Foreign Exchange Translation Differences	Reserves on Retained Earnings	Previous Years' Profits / Losses		
<b>1 January 2019</b>	Not-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
<b>Adjustments Related To Changes in Accounting Policies</b>		-	-	-	-	-	-	-	-	-	-	-
TFRS 9 policy change, net		-	-	-	-	-	-	-	-	-	-	-
<b>Amount After Adjustments</b>		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
<i>Transfers</i>		-	-	-	-	-	-	-	17.875.415	(17.875.415)	-	-
<b>Total Comprehensive Income</b>		-	-	-	-	(10.311)	-	-	-	-	23.545.145	23.534.834
<i>Net Period Profit</i>		-	-	-	-	-	-	-	-	-	23.545.145	23.545.145
<i>- Other Comprehensive Income (Expense)</i>		-	-	-	-	(10.311)	-	-	-	-	-	(10.311)
<i>Capital Increase</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Dividend Payments</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Increase (Decrease) due to Redemption of Shares</i>		-	-	-	-	-	-	-	-	-	-	-
<b>31 December 2019</b>	Not-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
<b>Audited Previous Period</b>												
<b>1 January 2018</b>	Not-27	30.000.000	1.241.463	(277.304)	3.229.361	38.817	-	1.965.400	6.164.738	21.956.656	31.041.808	95.360.939
<b>Adjustments Related To Changes in Accounting Policies</b>		-	-	-	-	-	-	-	-	-	-	-
TFRS 9 policy change, net		-	-	-	-	-	-	-	-	(34.262)	-	(34.262)
<b>Amount After Adjustments</b>		30.000.000	1.241.463	(277.304)	3.229.361	38.817	-	1.965.400	6.164.738	21.922.394	31.041.808	95.326.677
<i>Transfers</i>		-	-	-	-	-	-	-	4.348.884	26.692.924	(31.041.808)	-
<b>Total Comprehensive Income</b>		-	-	-	-	(93.572)	-	(25.090)	-	-	17.875.415	17.756.753
<i>Net Period Profit</i>		-	-	-	-	-	-	-	-	-	17.875.415	17.875.415
<i>- Other Comprehensive Income (Expense)</i>		-	-	-	-	(93.572)	-	(25.090)	-	-	-	(118.662)
<i>Capital Increase</i>		-	-	-	-	-	-	-	-	-	-	-
<i>Dividend Payments</i>		-	-	-	-	-	-	-	-	(11.936.784)	-	(11.936.784)
<i>Increase (Decrease) due to Redemption of Shares</i>		-	-	(533.523)	-	-	-	-	-	-	-	(533.523)
<b>31 December 2018</b>	Not-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

The accompanying notes are an integral part of these statements.



**DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ**  
**CASH FLOW STATEMENT**  
**AS OF DECEMBER 31, 2019**

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**CASH FLOW STATEMENT**

	Notes	Audited Current	Audited Previous
		Period	Period
		01.01.2019- 31.12.2019	01.01.2018- 31.12.2018
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>PERIOD PROFIT / (LOSS)</b>		<b>(74.960.926)</b>	<b>28.618.336</b>
<b>Adjustments Related To Reconciliation of Net Profit / Loss For The Period</b>		23.545.145	17.875.415
Adjustments Related To Depreciation And Amortization	18-19	783.980	172.482
<b>Adjustments Related To Impairment (Cancellation)</b>		<b>(70.217)</b>	<b>(198.621)</b>
Adjustments Related To Receivables Impairment (Cancellation)	10	19.993	458
Adjustments Related To Inventory Impairment (Cancellation)	13	(90.210)	(199.079)
<b>Adjustments Related To Provisions</b>		<b>5.017.903</b>	<b>(1.680.746)</b>
Adjustments Related To Employee Benefits Provisions	24	68.642	216.852
Adjustments Related To Litigation And / Or Penalty Provisions (Cancellation)	22	(60.480)	60.480
Adjustments Related To Other Provisions (Cancellation)	22	5.009.741	(1.958.078)
<b>Adjustments Related To Interest (Income) And Expenses</b>		<b>(16.008.119)</b>	<b>(3.818.507)</b>
Adjustments Related To Interest Income	31-33	(19.332.398)	(15.358.411)
Adjustments Related To Interest Expenses	31-33	9.162.691	8.389.510
Deferred Finance Expense from Term Purchases	10	421.133	2.836.008
Unearned Deferred Finance Income from Term Sales	10	(6.259.545)	314.386
<b>Adjustments Related To Tax Income/(Expense)</b>	35	<b>6.757.773</b>	<b>5.180.060</b>
<b>Adjustments Related To Profit/(Loss) Reconciliation</b>	26	<b>247.128</b>	<b>(1.463.982)</b>
<b>Changes In Business Working Capital</b>		<b>(94.516.306)</b>	<b>17.114.886</b>
Adjustments Related To Decrease / (Increase) In Trade Receivables	10	(48.683.787)	158.037.623
Adjustments Related To Decrease / (Increase) In Other Receivables Related To Operations	11	2.097	69.378
Adjustments Related To (Increases) / Decreases In Inventories	13	(45.025.870)	69.585.431
Adjustments Related To Increase/(Decrease) In Trade Payables	10	(1.091.135)	(210.430.664)
Adjustments Related To Decrease / (Increase) In Other Payables Related To Operations	11	282.389	(146.882)
<b>Cash Flows Provided From Operations</b>		<b>(74.242.713)</b>	<b>33.180.987</b>
Payments Within Provisions Related To Employee Benefits	24	-	(187.229)
Tax Returns / (Payments)	35	(433.407)	(3.449.904)
Other Cash Inflows (Outflows)		(284.806)	(925.518)
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(207.764)</b>	<b>(130.037)</b>
<b>Cash Inflows from Sales of Tangible and Intangible Assets</b>	18-19	-	-
Cash Inflows From Sale Of Tangible Assets		-	-
Cash Inflows From Sale Of Intangible Assets		-	-
<b>Cash Outflows From Purchase Of Tangible And Intangible Assets</b>		<b>(207.764)</b>	<b>(130.037)</b>
Cash Outflows From Purchase Of Tangible Assets	18	(207.764)	(23.335)
Cash Outflows From Purchase Of Intangible Assets	19	-	(106.702)
Investment Properties (-)	17	-	-
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>22.770.672</b>	<b>7.897.293</b>
<b>Cash Inflows from Borrowing</b>	8	<b>115.769.634</b>	<b>63.953.466</b>
Cash Inflows from Loans	8	115.769.634	63.953.466
<b>Cash Outflows on Debt Payments</b>	8	<b>(102.886.584)</b>	<b>(51.530.450)</b>
Cash Outflows on Loan Repayments	8	(102.886.584)	(51.530.450)
Cash Outflows on Debt Payments from Lease Agreements	8	(785.931)	-
Dividend Payments		-	(11.936.784)
Interest Paid	32-33	10.673.553	7.411.061
<b>D) EFFECT OF FOREIGN EXCHANGE TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS</b>		<b>(52.398.018)</b>	<b>36.385.592</b>
Net (Increase) / Decrease In Cash And Cash Equivalents		<b>(52.398.018)</b>	<b>36.385.592</b>
<b>E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	6	<b>73.840.841</b>	<b>37.455.249</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6	<b>21.442.823</b>	<b>73.840.841</b>

The accompanying notes are integral parts of these statements.



# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### NOTE 1 ORGANIZATION AND OPERATIONS OF THE COMPANY

Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi ("Company") was established in 1992 in Turkey operates in the information technology industry. The company is authorized by Türk Telekom Group (Türk Telekom A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş. and TNET A.Ş., 3 Company will be named as Türk Telekom Group). Mobile phones, mobile devices, accessories, S. (Tür Telekom) is engaged in the procurement and sales activities of the brand and products of Türk Telekom Group and computer products. The Company was opened to public in February 2006 and traded on Borsa İstanbul ("BIST") in Main Market.

As of December 31, 2019 and December 31, 2018, the Company's largest shareholders are İndeks Bilgisayar Sistemleri Endüstri ve Ticaret A.Ş. with 59.24% (Non Public % 51,74 and Publicly Traded % 7,5 total of % 59,24), Tayfun Ateş % 6,5 , Publicly Traded % 34,26 and Other % 0,00'dir.

(\* ) It was decided to close 100% affiliate Datagate International FZE on 17.12.2018. The financial statements as of 31 December 2018 and the subsequent financial statements are prepared as individual (solo) financial statements.

As of 31 December 2019, the average number of employees is 37 (31 December 2018: 33). All personnel of the company are administrative staff.

The registered address of the Company in the trade registry gazette is 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 main headquarters is Istanbul.

### NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.01 Basis of Presentation

Company accounting records of current commercial legislation in Turkey, the Ministry of Finance to keep the financial regulations and the Uniform Chart of Accounts in TL according to the requirements. Company accounting records of current commercial legislation in Turkey, the Ministry of Finance to keep the financial regulations and the Uniform Chart of Accounts in TL according to the requirements. The accompanying financial statements have been prepared in accordance with the "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" numbered II-14.1, published in the Official Gazette No. 28676 dated 13 June 2013 ("CMB"). Public Oversight pursuant to Article Accounting and Auditing Standards Board ("POA") by which was enacted Turkey Accounting Standards / Turkey Financial Reporting Standards ("TAS / TFRS") with additional and reviews and annexes.

The accompanying consolidated financial statements and the related notes are presented in accordance with the formats announced by the CMB with the announcement dated on 7 June 2013 In addition, with the changes in TFRS-15 Revenue from Customer Contracts and TFRS-16 Leases standards, which were issued by POA with the decision number 30 on June 2, 2016, It was disclosed in accordance with the TAS taxonomy, which was announced to the public on 15 April 2019 under the name "2019 TFRS".

The financial statements for the accounting period 1 January - 31 December 2019 have been approved by the Board of Directors on 14 February 2020. The Board of Directors and the related legal entities have the authority to adjust the financial statements prepared in accordance with the legislation and the financial statements.

#### Functional Exchange Valuation of Foreign Exchange Transactions

Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi functional currency is based significantly on USD and its purchases and sales until 30 June 2014, and it has been identified with No. 21 Turkey Accounting Standard ("TAS"), "The Effects of Changes in Foreign Exchange" standard in accordance with USD. As of 1 July 2014, it was decided to determine the functional currency in TL due to the fact that purchases and sales changed significantly in TL terms. The functional currency of the subsidiary Datagate International Free Zone, which is subject to consolidation in 2018, is USD. On 17.12.2018, it was decided to close 100% affiliate Datagate International FZE. The financial statements as of 31 December 2018 and the subsequent financial statements are prepared as individual financial statements.



# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### 2.02 Adjustment of Financial Statements in High Inflationary Periods

With the decision of the Capital Markets Board dated March 17, 2005 and numbered 11/367, the period of high inflation ended in 2005 and as of 1 January 2005, the accompanying financial statements are not subject to any adjustments. Non-monetary assets in the accompanying financial statements are presented in the financial statements based on the values carried by December 31, 2004 in accordance with International Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies".

### 2.03 Consolidation Principles

The Subsidiaries are authorized to use more than 50% of the voting rights related to the shares in the said companies as a result of the shares of the Company, either directly and / or indirectly; or use the effective control over the financial and operating policies, but does not have the power to exercise more than 50% of the voting rights, and refers to the companies in which it has the power and power to control the financial and operational policies in line with the Company's interests.

The balance sheet and profit / loss statements of the subsidiary have been accounted for using the full consolidation method. The carrying value of the subsidiaries in the Group assets and the shareholders' equity of the subsidiaries are eliminated and the intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation.

Minority rights represent the share of minority shares in the net assets of the subsidiaries and the results of the period activities. These details are presented separately from the balance sheet and profit / loss statement. If the loss of minority rights is more than the minority interests of the subsidiaries, the losses of minorities may result against the interests of the majority unless the minorities have binding obligations.

It was decided to close 100% affiliate Datagate International FZE on 17.12.2018. The financial statements as of 31 December 2018 and the subsequent financial statements are prepared as individual (solo) financial statements.

In 2012, the Company had 100% participation in the establishment of Datagate International FZE with 150.000 UAE Dirham capital in United Arab Emirates. Datagate International FZE has been included in the scope of consolidation in 2017 and no goodwill has occurred since the Company participated in the establishment phase.

The balance sheet and income statement of the subsidiary has been fully consolidated and the carrying value of the affiliate's shareholder's equity and shareholders' equity has been offset against each other. Similarly, intercompany transactions and balances between the Company and its subsidiaries are eliminated on consolidation.

### 2.04 Comparative Information and Restatement of Previous Period Financial Statements

The financial statements of the Company have been prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. In order to maintain comparability when the presentation or classification of financial statement items changes, previous period financial statements are also reclassified accordingly.

### 2.05 Netting / Offsetting

Financial assets and liabilities included in the financial statements are stated at their net values in the financial statements if there is a legal power that allows the related values to be clarified and there is an intention to show the values clearly or if the asset is realized and the liability is realized at the same time.

### 2.06 Changes in Accounting Policies

Accounting policies are adjusted if necessary or if the effects of transactions and events on the financial position, performance or cash flows of the Group result in a more appropriate and reliable presentation in the financial statements. If the changes in accounting policies affect the previous periods, such policy is applied retrospectively in the financial statements as if it were always in use.

In the current period, the Company has not made any changes in the accounting policies except the changes disclosed below.



**Amendment of Compulsory Changes in Accounting Policy Regarding TFRS 16**

TFRS 16 “Leases” Standard was published by the POA on 13 January 2016. It replaces the existing IAS 17 “Leases”, IFRS 4 Determining whether an Agreement includes a Leasing and IAS 15 “*Operating Leases – Incentives*”, and replaces the IAS 40 “*Investment Properties*” Standard. TFRS 16 eliminates the dual-accounting model 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 agreements over 12 months, is recognized in the liabilities of the “Right of Use Assets” (Note: 18) 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**

The Company consistently treats transactions of similar nature, other events and circumstances and presents them in the consolidated financial statements. Significant changes in accounting policies and significant accounting errors are applied retrospectively and previous period financial statements are adjusted. If changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods.

The nature and amount of a change in the accounting estimate that has an impact on the outcome of the current period or that is expected to have an impact on the subsequent periods is disclosed except for the cases in which the effect of future periods' impact cannot be estimated.

The Company management uses the actuarial assumptions used in the calculation of useful lives of tangible and intangible assets, the actuarial assumptions used in the calculation of severance pay, the provisions to be allocated for the litigation and execution proceedings in favor of or against the Company, and the determination of the inventory impairment.

Explanations on the estimates used are included in the related notes below and there is no change in accounting estimates in the current period.

TAS 21 “The Effects of Changes in Foreign Exchange Rates” defines the functional currency as the currency of the main economic environment in which the entity operates. The main economic environment in which an entity operates is generally the environment in which it creates and spends cash. Current currency; that affects the most of the sales of goods and services, labor etc. the currency in which the expenses are realized, the cash currency from the financing activities, etc. and taking into consideration the future changes in these elements. The Company Management reviews the accounting estimates and policies applied in the functional currency at each balance sheet date.

***Important Accounting Evaluation, Estimation and Assumptions***

In preparing the financial statements, the Company management is required to make assumptions and estimates that would affect the reported amounts of assets and liabilities, determine the possible liabilities and commitments as of the balance sheet date and the income and expense amounts as of the reporting date. Actual results may be different from the estimates. Estimates are reviewed regularly, necessary adjustments are made and they are reflected to the income statement in the period they incurred.

The interpretations that may have significant impact on the amounts reflected in the financial statements and the assumptions made in view of the main sources of the estimates that may or may occur in the balance sheet date are as follows:

- The severance payment liability is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates). (Note: 24)
- The Company has depreciated its tangible and intangible assets on a straight-line basis over their useful lives. The estimated useful life residual value and depreciation method are reviewed every year for the probable effects of the





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changes in the estimates and are accounted for prospectively if there is a change in the estimates. There are no estimates of changes in the Company's amortization calculations. (Note: 18-19)

- The Company makes provision for these receivables irrespective of whether or not a lawsuit has been filed in case of uncertainty about the collection of receivables. The Company gets guarantees for its doubtful receivables in order to prevent it from receiving risk from the companies which considers risky. (Note: 10)
- Inventories are stated at the lower of cost or net realizable value. During the determination of the impairment, the Company takes into consideration the technological depreciation of the products in the inventories. (Note: 13)
- The Company receives premiums at the rates determined by sales or purchase from the companies it distributes. Premium accruals are written on the basis of progress payment. (Note: 26)

### 2.08 Summary of Significant Accounting Policies

#### 2.08.01 Revenue

Revenues are recognized as the amount that is expected to be recognized in return for goods and services that reflect the promised goods and / or services. For this purpose, a 5-step process is applied in the recognition of revenue in accordance with TFRS 15 provisions.

- Identification of contracts with customers
- Determination of separate performance criteria and obligations in the contract
- Determination of contract price
- Distribution of sales price to liabilities
- Recognition of revenue as contractual obligations are met

The majority of the Company'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 stock 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 related period at the effective interest rate that reduces the estimated cash inflows from the financial asset to the carrying value of the asset during the expected life of the remaining principal amount.

In the event that there is an important financing element in sales, the fair value is determined by discounting the future cash flows with the hidden interest rate within the financing element. The difference is recognized in the financial statements on an accrual basis.

#### 2.08.02 Inventories

Inventories are stated at the lower of cost or net realizable value in the financial statements. The Company's Stocks consist of Mobile devices, Credit, Sim card and Information technologies. Cost is calculated by FIFO method. Net realizable value is calculated by deducting the estimated sales expenses from the Company's sales price.

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

#### 2.08.03 Tangible Assets



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As of December 31, 2004, tangible assets have been adjusted for the effects of inflation. It is carried in the financial statements by deducting the accumulated depreciation from the cost values for the items received in 2005 and thereafter. Depreciation is calculated by using the straight-line method to calculate the cost of each asset on the basis of the economic life span to bring the cost value of the asset to the value and calculated according to the following ratios.

### Economic Life (year)

- Machinery and Equipment	5
- Furniture and Fixtures	4-5
- Vehicles	2-5
- Leasehold Improvements	5

Tangible assets are reviewed in terms of impairment for each balance sheet period. If the carrying amount of a tangible asset exceeds its estimated recoverable amount, the carrying amount is reduced to its recoverable amount. There is no calculated impairment loss for tangible assets.

Gains and losses on the sale of tangible assets are determined by comparing the net book values with the sales price and are included in the operating profit.

Maintenance and repair expenses are recognized as an expense as they are incurred. If the maintenance and repair expense is related to the expansion of the relevant asset or a visible improvement, it is capitalized.

### **2.08.04 Intangible Assets**

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

Intangible assets for the items purchased before January 1, 2005 adjusted costs according to the effects of inflation and for the items purchased after January 1, 2005, they are expressed as their accumulated amortization and depletion shares deducted from the purchase cost value.

Amortization and depreciation are calculated on a straight-line basis over their estimated useful lives for a period of three years to fifteen 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 that have an indefinite useful life, such as goodwill, are not subject to depreciation. An impairment test is performed annually for these assets. For assets that are subject to amortization, impairment test shall be performed if there is a situation or event in which it is not possible to recover the book value. 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 other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### **2.08.06 Research and Development Expenses**

None.

### **2.08.07 Borrowing Costs**

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of an asset. Capitalization of borrowing costs begins when expenditures and borrowing costs are incurred, until the asset becomes available.



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Borrowing costs are capitalized until they are ready for the intended use of the assets. Borrowing costs include interest expenses and other costs related to borrowing. The Company does not have capitalized financing costs.

### 2.08.08 Financial Instruments

#### *i) Classification and measurement of financial assets and liabilities*

A financial asset is initially recognized in financial statements

- Financial instruments measured at amortized cost
- Lending instruments whose fair value ("FV") difference is reflected in other comprehensive income;
- Equity instruments measured by reflecting FV difference on other comprehensive income
- Financial instruments measured at a FV difference reflected to profit or loss as classified.

The classification of financial assets is generally based on the business model used by the Company for the management of financial assets and the contractual cash flows of the financial asset.

A financial asset is measured at amortized cost if both the two following conditions are met and the FV is not classified as measured by the difference in profit or loss:

- Obtaining a business model for the purpose of collecting contractual cash flows of the financial asset and
- The contractual terms of the financial asset cause cash flows that include interest payments on principal and principal balance on certain dates.

A debt instrument is measured by reflecting the FV difference on 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 amortized cost or by reflecting the FV difference in other comprehensive income are measured by reflecting to FV difference profit or loss. These include all derivative financial assets. On the initial recognition of financial assets in the financial statements, a financial asset may be defined irreversibly as a fair value change is reflected in profit or loss, provided that it eliminates or substantially reduces an accounting mismatch that may result from different measurement of financial assets and the related gain or loss in different 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 financial statements), the transaction costs directly attributable to the acquisition or issuance thereof are also added to the fair value.

#### *ii. Impairment of financial assets*

In accordance with TFRS 9, expected credit losses model is applied. The new impairment model applies to financial assets and a contractual asset measured at amortized cost but is not applied to investments in equity instruments.

Financial assets measured at amortized cost consist of trade receivables, other receivables and cash and cash equivalents. The loss 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.



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When determining whether the credit risk in a financial asset has increased substantially since its adoption in the 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 Company's past experience and informed credit evaluations.

### *Financial assets with credit-impairment*

The Company evaluates whether there is a credit-impairment of financial assets measured at amortized cost in each reporting period. When one or more events occurred that adversely affected the future estimated cash flows of a financial asset, the financial asset was subject to credit-impairment.

Observable data on the following events is evidence that the financial asset has credit-impairment:

- The issuer or debtor has significant financial distress;
- The occurrence of a breach of contract due to reasons such as default or significant expiration of maturity;
- For the economic or contractual reasons, due to the financial hardship of the debtor, the creditor gives the debtor a privilege which he does not normally consider;
- It is likely that the borrower will enter into bankruptcy or another financial restructuring; or
- The elimination of the active market for this financial asset due to financial difficulties.

### *Disclosure of impairment in financial statements*

The loss provisions of financial assets measured at amortized cost are deducted from the gross values of these assets.

### *Recall*

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 Company 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 Company 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 Company). The Company 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 profit or loss.

### **2.08.09 Effects of Changes in Exchange Rates**

The Company bases its foreign exchange transactions and balances on TL based on the relevant exchange rates at the transaction date. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet date. Foreign exchange gains or losses arising from the translation of foreign exchange transactions into TL or the translation of monetary items are reflected to the income statement in the related period. The company generally sells goods on the basis of foreign exchange purchases. Therefore, it does not carry a significant exchange rate risk.

### **2.08.10 Earnings Per Share**

Earnings per share are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period.

Companies in Turkey, their capital, they distributed to owners or shareholders from retained earnings "bonus shares" can increase path. In calculating the earnings per share, these bonus shares are counted as issued shares. Therefore, the weighted average number of shares used in the calculation of earnings per share is obtained by applying the retrospective application of the bonus shares.

### **2.08.11 Subsequent Events**



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The Company is obliged to correct the amounts in the financial statements in accordance with this new situation in the event of events requiring adjustment after the balance sheet date. Any non-adjusting events after the balance sheet date are disclosed in the notes to the financial statements in the event that they affect the economic decisions of the users of the financial statements.

### 2.08.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only if the Company has a current and ongoing obligation (legal or structural) of the Company, if it is probable that the liability will be removed from the economic benefits and the amount of the liability can be reliably determined.

When the value loss of money becomes more important, the provisions are reflected with the discounted value of a pre-tax discount rate which includes the probable expenses to the present market values and, where necessary, also risks specific to the liability. When discounting is used, the increase due to the time difference in the provisions is recorded as interest expense. In determining the amount to be included in the financial statements as a provision, the most realistic estimate of the amount of expenditure required to perform the present obligation as of the balance sheet date is taken as basis. When making this estimation, all existing risks and uncertainties should be taken into consideration.

Contingent assets and liabilities are not included in the financial statements but are disclosed in the notes to the financial statements. For contingent liabilities, in the event that it is probable that an outflow of resources with economic benefits will be probable, the contingent liability is recognized in the financial statements for the period in which the change in probability is excluded, this contingent liability is recognized in the financial statements for the period in which the change in the probability arises, except in cases where reliable estimation cannot be made.

### 2.08.13 Leasing Transactions

#### Company as a Lessee

#### *Financial Leasing*

Leases where all significant risks and rewards related to the leased property are transferred to the lessee are recognized as finance leases and they are recognized by the lesser of fair value or minimum lease payments.

The liability arising from the financial leasing transaction is separated into interest and principal debt to provide a fixed interest rate on the remaining balance. Costs incurred in the initial acquisition stage of the fixed asset subject to financial leasing are included in the cost. Fixed assets acquired through financial leasing are depreciated over their estimated useful lives.

As of January 1, 2019, the lease contracts that the leaseholder holds all the risks and benefits of the property are classified as operational leasing and the lease payments made for operational leasing are recognized as expense during the lease period.

IFRS 16 "Leases" standard entered into force on January 1, 2019. IFRS 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 the beginning of the agreement, the Company evaluates whether the agreement is a lease agreement or not. In the event that the agreement transfers the right to control the use of the asset defined for a price for a certain period of time, this agreement is a lease or includes a lease transaction. The Company reflects a right of use assets and lease liabilities in the financial statements at the date when the lease term actually begins.

#### Right of Use Assets

The right of use asset is first recognized for using the cost method and includes followings:



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the first measurement of the lease liabilities,  
the amount received by deducting all lease incentives received from all lease payments made on or before the lease term actually begins,  
all initial costs incurred by the Company; and

When the Company applying cost method, the existence of the right of use assets:

- Accumulated depreciation and accumulated impairment losses are deducted and adjusted based on the reassessment of the lease liabilities.

The Company applies depreciation provisions in IFRS 16 Property, Plant and Equipment while depreciating its right of use assets.

### Lease Liabilities

At the date when the lease actually starts, the Company measures its lease liability at the present value of the lease payments which is not paid at that date. Rent payments are discounted by using the implicit interest rate of the lease if this rate can be easily determined. The Company uses its own alternative borrowing interest rate if this rate cannot be determined easily.

The lease payments included in the measurement of the lease liability at the date of the lease actually consist of the following payments to be made for the right of use of the underlying asset during the lease period and which have not been paid on the date the lease actually started and after the lease term actually starts, the Company measures the lease liabilities as follows:

Increases the carrying value to reflect the interest amount on the lease liabilities;  
The Company reduces the carrying amount to reflect the lease payments made; and  
The Company remeasures the carrying value to reflect reconsiderations and restructurings, or to revise fixed lease payments, as revised.

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.

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 "Right of Use Liabilities" were calculated for the remaining period by taking into consideration the contracts that have been due for more than 12 months.

The effects of TFRS 16 "Leases" standard on financial statements are disclosed below:



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### Financial Position Statement

	31.12.2019	TFRS 16 Affect	31.12.2019 After Affect
Current Assets	264.600.437	-	264.600.437
Non Current Assets	8.186.959	1.757.400	9.944.359
<b>Total Assets</b>	<b>272.787.396</b>	<b>1.757.400</b>	<b>274.544.796</b>
Short Term Liabilities	148.263.558	613.746	148.877.304
Long Term Liabilities	295.426	1.224.109	1.519.535
Shareholders Equity	124.228.412	(80.455)	124.147.957
<b>Total Liabilities and Shareholders Equity</b>	<b>272.787.396</b>	<b>1.757.400</b>	<b>274.544.796</b>

### Profit or Loss Statement

	31.12.2019	TFRS 16 Affect	31.12.2019 After Affect
Revenue	751.359.803	-	751.359.803
Cost of Sales (-)	(715.493.261)	-	(715.493.261)
<b>Gross Profit/(Loss)</b>	<b>35.866.542</b>	<b>-</b>	<b>35.866.542</b>
Operational Expenses and Other Income/Expenses	(14.351.971)	169.532	(14.182.439)
<b>Main Operating Profit/(Loss)</b>	<b>21.514.571</b>	<b>169.532</b>	<b>21.684.103</b>
Investment Operations Income/Expenses	-	-	-
<b>Operating Profit/(Loss) Before Financial Income/(Expense)</b>	<b>21.514.571</b>	<b>169.532</b>	<b>21.684.103</b>
Financial Income/Expense	8.891.494	(272.679)	8.618.815
<b>Continuing Operations Before Tax Profit/(Loss)</b>	<b>30.406.065</b>	<b>(103.147)</b>	<b>30.302.918</b>
Continuing Operations After Tax Income/(Expense)	(6.780.465)	22.692	(6.757.773)
<b>Period Profit/(Loss)</b>	<b>23.625.600</b>	<b>(80.455)</b>	<b>23.545.145</b>

The depreciation rates used for the Right of Use Assets are 20% for the building and 33.33% for the vehicles.

#### Operational Leasing

Leases where the lessor holds all the risks and benefits of the property are called operational leases. Lease payments made for an operating lease are recognized as an expense on a regular basis over the term of the lease. Lease agreements with the title of lessor are related to Istanbul office and warehouse leases and car rents. Annual lease payments are charged as expense on a straight-line basis method.

#### Company as Lessor

##### Operational Leasing

The Company displays the fixed assets subject to operational leasing according to the content of the fixed asset in the balance sheet. Rental income from operating leases is recognized as income in the normal course of the lease period.

The lease agreements to be a party to the tenant as a result of the lease are caused by the leasing of small parts of the main building in which the Company operates as an office and a warehouse to a group of companies and a group company.



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### 2.08.14 Related Parties

For the purpose of these financial statements, shareholders, senior executives and members of the Board of Directors, their families and the companies controlled by or affiliated with them, affiliates and partnerships are deemed to be related parties. Transactions and balances with related parties are disclosed in **Note: 37**

### 2.08.15 Government Incentives and Grants

None.

### 2.08.16 Investment Properties

The Company does not have any investment properties as of 31 December 2019 and 31 December 2018.

### 2.08.17 Taxes on Corporate Income

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

#### *Current tax*

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

#### *Deferred Tax*

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the 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 or 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 Company 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 all of that 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 Company 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 Company intends to pay off the current tax assets and liabilities. is deducted.





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### *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 financial statements include current period tax and the change in deferred taxes. The Company calculates current and deferred tax on the results for the period.

### *Netting 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 Employee Benefits / Severance Payment**

Pension and severance payment should the labor law applicable in Turkey, provisions are allocated as provisions in the accompanying financial statements. Such payments are considered as being part of defined retirement benefit plan in accordance with TAS 19 "Employee Benefits" standard. In the financial statements, the provision for employee termination benefits is reflected to the financial statements by discounting the interest rate to be paid in the following years by discounting with interest rate adjusted for inflation. The interest cost included in the retirement compensation expense is shown as severance payment expense in the operational results.

### **2.08.19 Cash Flow Statement**

Cash and cash equivalents are carried at cost in the balance sheet. Cash and cash equivalents included in the cash flow statement include cash in hand, bank deposits and high liquidity investments.

In the statement of cash flows, cash flows are classified as operating, investing and financing activities. Cash flows from operating activities represent cash flows arising from the Company's main operations.

Cash flows from investing activities indicate the cash flows that are used and obtained by the Company in its investment activities (asset investments and financial investments).

Cash flows related to financing activities represent the resources used by the Company in financing activities and the repayments of these resources.

### **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 Company).

### **2.08.21 Warranty Provisions**

The company 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. We do not have any obligation to guarantee.



**2.09 New and Revised International Financial Reporting Standards**

**a) New standards in force as of December 31, 2019 and amendments and interpretations to existing previous standards:**

-**IFRS 9, “Financial instruments”**; Is effective for annual periods beginning on or after 1 January 2019. This amendment clarified two issues: it confirms the recognition of profit or loss that while taking into account whether a financial asset represents interest only for principal and principal, the earnings or loss arising directly when a financial liability, which is measured at amortized cost, is excluded as a result of the exclusion of the financial statement. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted from the original effective interest rate. This indicates that, unlike TAS 39, the difference is not possible to be recognized for by spreading over the remaining life of the instrument.

- **TAS 28, Amendments in Investments in Associates and Joint Ventures**; Is effective for annual periods beginning on or after 1 January 2019. It has become clear that long term associates or joint ventures that companies do not use equity method will be recognized by using IFRS 9.

- **IFRS Interpretation 23, “Uncertainties over Income Tax Treatments”**; Is effective for annual periods beginning on or after 1 January 2019. This interpretation clarifies some uncertainties in the application of TAS 12 Income Taxes. The IFRS Interpretation Committee has clarified that if there was an uncertainty in tax applications before, this uncertainty should be applied in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets” not IAS 12. IFRS Interpretation 23 provides an explanation of how to measure and recognize deferred tax in the event of uncertainties in income taxes.

IFRS Interpretation 23 provides an explanation on how to measure and recognition of deferred tax calculations when there are uncertainties in income taxes. Uncertainty of taxation occurs when it is not known whether a tax application by a Company is acceptable to the tax authority. For example, in particular, the recognition of an expense as a discount or the uncertainty of the tax law as to whether a particular item is included in the refundable tax calculation. IFRS Interpretation 23 is applicable that an item's tax practices are uncertain including; taxable income, expense, assets or liabilities are subject to taxable amounts, tax expense, receivables and tax rates.

**TAS 19 “Employee Benefits”, Plan Amendment, Curtailment or Settlement**; It is effective for annual periods beginning on or after 1 January 2019. These improvements require the following amendments:

- For the period after the amendment, curtailment or settlement of the plan; using current assumptions to determine current service cost and net interest;
- Recognition of profit or loss as part of previous period service cost, or any loss of surplus in the financial statements, even if not previously recognized in the financial statements due to the effect of the asset ceiling.

**2015-2017 annual improvements**; Is effective for annual periods beginning on or after 1 January 2019. These improvements include the following amendments:

- IFRS 3, “Business Combinations”, remeasures the previously acquired share in the joint operation.
- IFRS 11, “Joint Arrangements”, the entity that provides joint control does not re-measure the previous share in the joint operation.
- TAS 12, “Income Taxes”, recognizes the income tax effects of dividends in the same manner.
- TAS 23, “Borrowing Costs” considers each borrowing to be made available for the intended use or sale of a qualifying asset as part of the general borrowing.

**b) New standards and amendments issued and not entered into force as of December 31, 2019:**

**Amendments to the Definition of Material of TAS 1 and TAS 8**; Is effective for annual periods beginning on or after 1 January 2020. The amendments to TAS 1, “Presentation of Financial Statements” and TAS 8 “Accounting Policies, Changes in Accounting Policies and Errors” and the amendments in other IFRS related to these amendments are as follows:



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

Use of materiality definition consistent with TFRS and financial reporting framework  
Clarification of the definition of materiality, and  
Including some guidance in TAS 1 for non-material information

- **Amendments to TFRS 3 – Definition of a Business**; Is effective for annual periods beginning on or after 1 January 2020. With this amendment, the definition of business was revised. Based on the feedback received by the IASB, it is generally considered that existing implementation guidance is too complex, resulting in too much action to meet the definition of business combinations.

- **TFRS 17, “Insurance Contracts”**; Is effective for annual periods beginning on or after 1 January 2021. This standard replaces TFRS 4, which currently allows a wide range of applications. IFRS 17 will fundamentally change the accounting for all entities that issue insurance contracts and investment contracts with discretionary participation.

c) Standards and amendments published by the International Accounting Standards Authority (“IASB”) as of 31 December 2019 but not published by the POA:

**TFRS 9, TAS 39 and TFRS 7 amendments- Interest Rate Benchmark Reform**; Is effective for annual periods beginning on or after 1 January 2020. These amendments provide specific facilitating practices in relation to benchmark interest rate reform. These practices are related to hedge accounting, and the impact of the IBOR reform should generally not lead to the termination of hedge accounting. However, any hedging ineffectiveness should continue to be recognized in the income statement. Given the prevalence of hedge accounting on IBOR-based contracts, these facilitating practices will affect all companies in the industry.

It is expected that the new and revised accounting standards and interpretations will not have a significant impact on the Company’s accounting policies.

### NOTE 3 BUSINESS COMBINATIONS

None.

### NOTE 4 INTERESTS IN OTHER ENTITIES

The Company does not have Interests in Other Entities.

### NOTE 5 SEGMENT REPORTING

Since the Company operates in the telecom sector, it is not necessary to report segment reporting.



# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### NOTE 6 CASH AND CASH EQUIVALENTS

The details of Cash and Cash Equivalents at the ends of the periods are disclosed below:

Account Name	31 December 2019	31 December 2018
Cash	15.092	11.809
Bank	5.738.745	4.242.860
-Demand Deposit	5.738.745	4.242.860
Term Deposit (Reverse Repo)	15.503.412	69.653.434
Credit Card Slips	188.986	36.172
<b>Total</b>	<b>21.446.235</b>	<b>73.944.275</b>

As of December 31, 2019, the reverse repo transaction has a maturity of 2 days and an interest income of 3.412 TL has been accrued. Reverse repo was made in TL and interest rates were % 8,33 – 10,51.

As of December 31, 2018, the reverse repo transaction has a maturity of 1-5 days and an interest income of 103.434 TL has been accrued. Reverse repo was made in TL and interest rates were 22,13 - 25,10%.

The maturity of the current and previous period credit card slips is 1-3 days.

In the statement of cash flows, the balance of cash and cash equivalents is stated in the non-interest amount.

Cash and Cash Equivalents	31 December 2019	31 December 2018
Balance Sheet Balance	21.446.235	73.944.275
Income Accruals (-)	(3.412)	(103.434)
<b>Disclosed in Cash Flow Statement</b>	<b>21.442.823</b>	<b>73.840.841</b>

As of 31 December, 2019, there are no blocked or pledged amounts in the Cash and Cash Equivalents account group. (31 December 2018: None.)

### NOTE 7 FINANCIAL INVESTMENTS

The Company does not have short and long term financial investments as of December 31, 2019 and December 31, 2018.

### NOTE 8 SHORT AND LONG TERM BORROWINGS

The Company's Short Term Financial Borrowings as of 31 December 2019 and 31 December 2018 are as follows:

Account Name	31 December 2019	31 December 2018
Short Term Loans	70.281.887	31.737.716
Financial Leasing Liabilities	613.746	-
Short Term Portion of Long Term Loans	5.580.603	27.130.066
<b>Total Short Term Loans</b>	<b>76.476.236</b>	<b>58.867.782</b>

The details of Long Term Borrowings are disclosed below:

#### 31 December 2019

Type	Foreign Exchange Amount	TL Amount	Effective Interest Rate (%)
<b>Short Term Loans</b>			
Short Term TL Loans		70.281.887	10,50-29,95
TL Financial Leasing Liabilities		498.160	18,00-21,00
USD Financial Leasing Liabilities	19.458	115.586	7,00
Short Term Portions of Long-Term Loans (TL)		5.580.603	15,95-43,80
<b>Total Short Term Loans</b>		<b>76.476.236</b>	



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

As of December 31, 2019, TL 70.281.887 of total short-term loans and TL 5.580.603 of long-term loans are denominated in Turkish Telecom Group (Türk Telekomünikasyon A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A). Has been used for the financing of mobile devices within the scope of 6 month, 12 months, 24 months and 36 months registered campaigns sold to its subscribers via its dealers, and all of these loans are under the guarantee of Türk Telekom Group. The collection of device receivables from its subscribers by Türk Telekom Group dealers is made by Türk Telekom Group on the due dates. Lease liabilities amounts of TL and USD are TL 613.746.

The Company uses disposition of receivable amounts resulting from device sales to financial institutions. As per the terms and conditions, the principal and interest amounts of the loans are paid by Türk Telekom Group on maturities. In addition, Türk Telekom Group is also transferred to factoring companies as intermediaries and transferred to factoring companies, which are intermediated in collection by Türk Telekom Group. As per the terms and conditions, the principal and interest rates of loans and factoring amounts are paid by Türk Telekom Group.

The details of bank loans are explained below:

### 31 December 2018

Type	TL Amount	Effective Interest Rate (%)
<b>Short Term Loans</b>		
Short Term TL Loans	31.737.716	18,71-43,15
Short Term Portions of Long-Term Loans (TL)	27.130.066	18,05-31,90
<b>Total Short Term Loans</b>	<b>58.867.782</b>	

As of December 31, 2018, TL 31.737.716 of total short-term loans and TL 27.131.066 of long-term loans are denominated in Turkish Telecom Group (Türk Telekomünikasyon A.Ş., T.T. Mobil İletişim Hizmetleri A.Ş. and TTNET A). Has been used for the financing of mobile devices within the scope of 6 month, 12 months, 24 months and 36 months registered campaigns sold to its subscribers via its dealers, and all of these loans are under the guarantee of Türk Telekom Group. The collection of device receivables from its subscribers by Türk Telekom Group dealers is made by Türk Telekom Group on the due dates.

The Company uses disposition of receivable amounts resulting from device sales to financial institutions. As per the terms and conditions, the principal and interest amounts of the loans are paid by Türk Telekom Group on maturities. In addition, Türk Telekom Group is also transferred to factoring companies as intermediaries and transferred to factoring companies, which are intermediated in collection by Türk Telekom Group. As per the terms and conditions, the principal and interest rates of loans and factoring amounts are paid by Türk Telekom Group.

The details of bank loans are explained below:

The Company's Long Term Financial Borrowings as of 31 December 2019 and 31 December 2018 are as follows:

Account Name	31 December 2019	31 December 2018
Bank Loans	-	3.604.399
Financial Leasing Liabilities	1.224.109	-
<b>Total Long Term Loans</b>	<b>1.224.109</b>	<b>3.604.399</b>

### 31 December 2019

Type	Foreign Exchange Amount	TL Amount	Effective Interest Rate (%)
<b>Long Term Loans</b>			
Bank Loans (TL)	-	-	-
TL Financial Leasing Liabilities		1.224.109	18,00-21,00
USD Financial Leasing Liabilities			
<b>Total Long Term Loans</b>		<b>1.224.109</b>	

The Company does not have no long-term loans. TL and USD lease liabilities amount is TL 1.224.109.



**DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ****NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**

(Amounts are expressed in Turkish Lira unless otherwise stated.)

The collection of device receivables from its subscribers by Türk Telekom Group dealers is made by Türk Telekom Group on their maturities. Our company uses credit by assigning the amounts of receivable resulting from device sales to financial institutions. As per the terms of the Company, the principal and interest rates of loans and factoring amounts are paid by Türk Telekom Group on maturities.

**31 December 2018**

Type	TL Amount	Effective Interest Rate (%)
<b>Long Term Loans</b>		
Bank Loans (TL)	3.604.399	18,11-31,90
<b>Total Long Term Loans</b>	<b>3.604.399</b>	

The reconciliation of financial borrowings is as follows:

Account Name	31 December 2019	31 December 2018
Beginning Balance	62.472.181	49.503.571
Current Principal and Interest Inflows	115.769.634	63.953.466
Financial Leasing Liabilities	1.837.855	-
Current Period Principal and Interest Payments	(102.886.584)	(51.530.450)
Interest Accrual at the End of the Period	507.259	545.594
<b>Balance at the End of the Period</b>	<b>77.700.345</b>	<b>62.472.181</b>

All of the long-term loans have been used for financing mobile devices within the scope of 6 month, 12 months, 24 months and 36 months scheduled campaigns sold to the subscribers of Türk Telekom Group through its dealers and all of these loans are under the guarantee of Türk Telekom Group.

The collection of device receivables from its subscribers by Türk Telekom Group dealers is made by Türk Telekom Group on their maturities. Our Company uses credit by assigning the receivable amounts resulting from device sales to financial institutions. As per the terms and conditions, the principal and interest amounts of the loans are paid by Türk Telekom Group on maturities.

The maturities of the Financial Borrowings are as follows:

Loans and Financial Leasing Liabilities	31 December 2019	31 December 2018
0-12 month	76.476.236	58.867.782
13-60 month	1.224.109	3.604.399
<b>Total</b>	<b>77.700.345</b>	<b>62.472.181</b>

**NOTE 9 OTHER FINANCIAL LIABILITIES**

The Company does not have Short and Long Term Other Financial Liabilities as of 31 December 2019 and 31 December 2018.



# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### NOTE 10 TRADE RECEIVABLES AND PAYABLES

The Company's Short-Term Trade Receivables details for the ends of the periods are as follows:

Account Name	31 December 2019	31 December 2018
Trade Receivables	179.517.407	131.270.374
<i>Trade Receivables from Related Parties</i>	47.614	351.434
<i>Trade Receivables from Non- Related Parties</i>	179.469.793	130.918.940
- <i>Other Receivables</i>	73.857.544	45.521.711
- <i>Disposition Receivables</i>	105.612.249	85.397.229
Notes Receivables	7.375.101	407.002
Notes Receivable Rediscount (-)	(6.400.011)	(9.712.617)
Doubtful Trade Receivables	2.069.409	2.049.416
Provisions for Doubtful Trade Receivables(-)	(2.069.409)	(2.049.416)
<b>Total</b>	<b>180.492.497</b>	<b>121.964.759</b>

As of December 31, 2019, TL 105.612.249 (31 December 2018 TL 85.397.229), which is the short term portion of the Disposition Receivables, has been sold to the subscribers of Türk Telekom Group for 6 months, 12 months, 24 months and 36 months. Türk Telekom Group is the guarantor for the financing of mobile devices. The portion of this amount amounting to TL 75.862.490 (December 31, 2018 - TL 58.867.782) has been assigned to banks in response to the loans used by the Group within the same campaigns.

The collection of device receivables from its subscribers by Türk Telekom Group dealers is made by Türk Telekom Group on their maturities. Our company uses credit by dispositioning the receivable amounts resulting from device sales to financial institutions.

Our company uses credit by dispositioning the receivable amounts resulting from device sales to financial institutions. As per the terms and conditions, the principal and interest amounts of the loans are paid by Türk Telekom Group on maturities. In addition, Türk Telekom Group is also transferred to factoring companies as intermediaries and transferred to factoring companies, which are intermediated in collection by Türk Telekom Group. As per the terms and conditions, the principal and interest rates of loans and factoring amounts are paid by Türk Telekom Group.

As of 31 December 2019 and 31 December 2018, the Long Term Trade Receivables of the Company are as follows:

Account Name	31 December 2019	31 December 2018
Trade Receivables	-	6.551.338
<i>Trade Receivables from Related Parties</i>	-	-
<i>Trade Receivables from Non- Related Parties</i>	-	6.551.338
Disposition Receivable Rediscount (-)	-	(2.946.939)
<b>Total</b>	<b>-</b>	<b>3.604.399</b>

As of 31 December 2019, the Company does not have (31 December 2018, TL 6.551.338) long-term portion of the Disposition Receivables which has been sold to the subscribers of Türk Telekom Group through its distributors for 6 months, 12 months, 24 months and 36 months. Türk Telekom Group is the guarantor of all of these receivables. The Company does not have long term loans and(December 31, 2018 - TL 3.604.399) this amount has been assigned to banks as the assignment of the loans used by the company under the same campaign.

The collection of device receivables from its subscribers by Türk Telekom Group dealers is made by Türk Telekom Group on their maturities. Our Group uses credit by assigning the receivables generated as a result of device sales to financial institutions. As per the terms and conditions, the principal and interest amounts of the loans are paid by Türk Telekom Group on maturities. In addition, Türk Telekom Group is also transferred to factoring companies as intermediaries and transferred to factoring companies, which are intermediated in collection by Türk Telekom Group. As per the terms and conditions, the principal and interest rates of loans and factoring amounts are paid by Türk Telekom Group.

As of 31 December 2019, TL 180.492.497 of the trade receivables of the Company, which has a short and long term total of TL 49.091.049, is covered by the guarantee (including TL 3.223.708 Euler Hermes insurance). As of 31



# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

December 2018, TL 125.569.158 of the trade receivables amounting to TL 32.921.467 is covered by the guarantee. In addition, short-term and long-term receivables from Turk Telekom Group amounting to TL 105.612.249 (31 December 2018: 91.948.567 TL) are receivable. Additional explanations on the nature and level of risks in trade receivables are disclosed in Note: 38.

Until 31.03.2020 in the Group's insuring on trade receivables within the borders of Turkey, Group has insurance policy with Euler Hermes Sigorta A.Ş. (Guarantee ratio is determined as 90% for the trade receivables that are requested for credit limit.)

### Doubtful Receivables Provisions Statements:

	1 January- 31 December 2019	1 January- 31 December 2018
Balance at the Beginning of the Period (-)	(2.049.416)	(2.048.958)
TFRS 9 adjustment (Note:2.03)	-	(43.926)
Provisions/Collections Not Recognized During the Period (-)	-	43.468
Period Expense (-) (Note: 30)	(19.993)	-
<b>Balance at the End of the Period</b>	<b>(2.069.409)</b>	<b>(2.049.416)</b>

The Company's Short-Term Trade Payables as at the ends of the periods are as follows:

Account Name	31 December 2019	31 December 2018
Suppliers	41.491.168	42.582.303
<i>Other Suppliers</i>	41.048.698	42.347.145
<i>Related Party Suppliers</i>	442.470	235.158
Notes Payable	-	-
Notes Payable Rediscount (-)	(206.295)	(627.428)
<b>Total</b>	<b>41.284.873</b>	<b>41.954.875</b>

As of 31 December 2019 and 31 December 2018, the Company does not have any Long Term Trade Payables.

The average maturity of trade receivables and payables is less than three 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 2019 and 31 December 2018, the Short Term Other Receivables of the Company is explained below:

Account Name	31 December 2019	31 December 2018
Receivables from Personnel	5.673	7.770
<b>Total</b>	<b>5.673</b>	<b>7.770</b>

As of 31 December 2019 and 31 December 2018, the Company does not have any Long Term Other Receivables.

Additional explanations on the nature and level of risks in other receivables disclosed in Note: 38, the balances of related parties are disclosed in Note: 37.

As of 31 December 2019 and 31 December 2018, the Short Term Other Payables of the Company are as follows:

Account Name	31 December 2019	31 December 2018
Taxes, Deductions and Fees Payable	1.745.977	1.463.588
<b>Total</b>	<b>1.745.977</b>	<b>1.463.588</b>





# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### NOTE 12 DERIVATIVE INSTRUMENTS

As of December 31, 2019 and December 31, 2018, the Company has not made any foreign exchange purchase agreements.

### NOTE 13 INVENTORIES

The Company's Inventories as of 31 December 2019 and 31 December 2018 are as follows:

Account Name	31 December 2019	31 December 2018
Trade Goods/(Merchandise)	51.234.296	11.488.451
Goods in Transit	5.593.653	313.628
Inventory Impairment Provision (-)	(261.340)	(351.550)
<b>Total</b>	<b>56.566.609</b>	<b>11.450.529</b>

The products whose invoices are prepared but their entry into the inventory occurred lately are taken to the "Goods in Transit" account.

Inventory Impairment Provision statements:

	1 January- 31 December 2019	1 January- 31 December 2018
Balance at the Beginning of the Period (-)	(351.550)	(550.629)
Provision Canceled due to Net Realizable Value Increase (+)	90.210	199.079
Current Period Provisions (-)(Note: 28)	-	-
<b>Balance at the End of the Period (-)</b>	<b>(261.340)</b>	<b>(351.550)</b>

The inventory impairment is calculated with increasing percentages due to the increase in inventory waiting times for the goods that are waiting for more than 3 months in inventory. As of December 31, 2019, TL 1.634.279 of the inventory is recognized as net realizable value and the rest are included in the financial statements at cost (31 December 2018, TL 1.455.296 of the inventories are net realizable value and the rest are included in the financial statements at cost value).

Explanation	31 December 2019	31 December 2018
Cost Value	1.895.619	1.806.846
Inventory Impairment Provision	(261.340)	(351.550)
Net Realizable Value (a)	1.634.279	1.455.296
Carried at Cost Amounts (b)	54.932.330	9.995.233
<b>Total Inventories (a+b)</b>	<b>56.566.609</b>	<b>11.450.529</b>

There is no inventory given as collateral for liabilities.

The insurance value of the assets is given in Note: 22.

The inventory amount recognized as an expense within the period is included in Note: 28.

### NOTE 14 BIOLOGICAL ASSETS

None.

### NOTE 15 PREPAID EXPENSES AND DEFERRED INCOME

#### Short Term :

Short Term Prepaid Expenses as of 31 December 2019 and 31 December 2018 are explained below.

Account Name	31 December 2019	31 December 2018
Short Term Prepaid Expenses	521.987	405.938
Advances Given to Suppliers	4.268.031	1.059.640
<b>Total</b>	<b>4.790.018</b>	<b>1.465.578</b>



**DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ****NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**

(Amounts are expressed in Turkish Lira unless otherwise stated.)

Deferred Income as of 31 December 2019 and 31 December 2018 are explained below.

<b>Account Name</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Short Term Deferred Income	26.246	42.213
Advances Received from Customers	5.992.250	3.762.807
<b>Total</b>	<b>6.018.496</b>	<b>3.805.020</b>

As of December 31, 2019, TL **3.833.279** of the Advances Received is due to advances received for virtual and physical unit volume sales when the unit volume sales made to the end user are made, they are billed to the dealers. (31 December 2018, TL **2.500.373**)

**Long Term :**

The Company does not have Prepaid Expenses as of 31 December 2019 and 31 December 2018.

The Company does not have Deferred Income as of 31 December 2019 and 31 December 2018.

**NOTE 16 INVESTMENT VALUED BY EQUITY METHOD**

None.

**NOTE 17 INVESTMENT PROPERTIES**

None.

**NOTE 18 TANGIBLE ASSETS**

The net value of Tangible Assets of as of 31 December 2019 and 31 December 2018 for the Company for the periods are as follows:

**31 December 2019****Cost**

<b>Account Name</b>	<b>1 January 2019</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>31 December 2019</b>
Plant, Machinery and Equipments	4.170	-	-	4.170
Furniture and Fixtures	1.346.471	170.284	-	1.516.755
Leasehold Improvements	15.316	37.480	-	52.796
<b>Total</b>	<b>1.365.957</b>	<b>207.764</b>	<b>-</b>	<b>1.573.721</b>

**Accumulated Depreciation**

<b>Account Name</b>	<b>1 January 2019</b>	<b>Period Amortization</b>	<b>Disposals</b>	<b>31 December 2019</b>
Plant, Machinery and Equipments	(4.170)	-	-	(4.170)
Furniture and Fixtures	(1.229.986)	(112.219)	-	(1.342.205)
Leasehold Improvements	(13.550)	(9.117)	-	(22.667)
<b>Total</b>	<b>(1.247.706)</b>	<b>(121.336)</b>	<b>-</b>	<b>(1.369.042)</b>

<b>Net Value</b>	<b>118.251</b>	<b>204.679</b>
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**31 December 2018****Cost**

<b>Account Name</b>	<b>1 January 2018</b>	<b>Additions</b>	<b>Disposals (-)</b>	<b>31 December 2018</b>
Plant, Machinery and Equipments	4.170	-	-	4.170
Furniture and Fixtures	1.325.136	21.335	-	1.346.471
Leasehold Improvements	13.316	2.000	-	15.316
<b>Total</b>	<b>1.342.622</b>	<b>23.335</b>	<b>-</b>	<b>1.365.957</b>



**DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ**

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

*(Amounts are expressed in Turkish Lira unless otherwise stated.)***Accumulated Depreciation**

Account Name	Period		Disposals	31 December 2018
	1 January 2018	Amortization		
Plant, Machinery and Equipments	(4.170)	-	-	(4.170)
Furniture and Fixtures	(1.136.157)	(93.829)	-	(1.229.986)
Leasehold Improvements	(13.316)	(234)	-	(13.550)
<b>Total</b>	<b>(1.153.643)</b>	<b>(94.063)</b>	-	<b>(1.247.706)</b>

  

<b>Net Value</b>	<b>188.979</b>	<b>118.251</b>
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**Other Information:**

Amortization and depreciation are disclosed in operating expenses. (Note: 30)

The insurance value of the assets is given in Note: 22.

There are no mortgages, restrictions and annotations on the assets.

**NOTE 18 RIGHT OF USE ASSETS**

As of 31 December 2019, the Company's Right of Use Assets are disclosed below:

**31 December 2019****Cost**

Account Name	1 January 2019	TFRS-16 Initial Recognition	Additions	Disposals/(-) /Depreciated Agreements	31 December 2019
Buildings	-	856.127	-	-	856.127
Vehicles	-	1.494.981	-	(50.584)	1.444.397
<b>Total</b>	-	<b>2.351.108</b>	-	<b>(50.584)</b>	<b>2.300.524</b>

**Accumulated Depreciation**

Account Name	1 January 2019	TFRS-16 Initial Recognition	Period Amortization	Disposals/(-) /Depreciated Agreements	31 December 2019
Buildings	-	-	(128.419)	-	(128.419)
Vehicles	-	-	(487.980)	50.584	(437.396)
<b>Total</b>	-	-	<b>(616.399)</b>	<b>50.584</b>	<b>(565.815)</b>

**Net Value**

-

**1.734.709****NOTE 19 INTANGIBLE ASSETS****31 December 2019****Cost**

Account Name	1 January 2019	Additions	Disposals (-)	31 December 2019
Rights	1.073.538	-	-	1.073.538
<b>Total</b>	<b>1.073.538</b>	-	-	<b>1.073.538</b>



**DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ****NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019**

(Amounts are expressed in Turkish Lira unless otherwise stated.)

**Accumulated Depreciation**

Account Name	Period			31 December 2019
	1 January 2019	Amortization	Disposals	
Rights	(535.345)	(46.245)	-	(581.590)
<b>Total</b>	<b>(535.345)</b>	<b>(46.245)</b>	<b>-</b>	<b>(581.590)</b>
<b>Net Value</b>	<b>538.193</b>			<b>491.948</b>

**31 December 2018****Cost**

Account Name	1 January 2018	Additions	Disposals (-)	31 December 2018
Rights	966.836	106.702	-	1.073.538
<b>Total</b>	<b>966.836</b>	<b>106.702</b>	<b>-</b>	<b>1.073.538</b>

**Accumulated Depreciation**

Account Name	Period			31 December 2018
	1 January 2018	Amortization	Disposals	
Rights	(456.926)	(78.419)	-	(535.345)
<b>Total</b>	<b>(456.926)</b>	<b>(78.419)</b>	<b>-</b>	<b>(535.345)</b>
<b>Net Value</b>	<b>509.910</b>			<b>538.193</b>

Amortization and depreciation are disclosed in operating expenses. (Note: 30)

**NOTE 20 EMPLOYEE BENEFITS PAYABLES**

As of December 31, 2019 and December 31, 2018, Employee Benefits Payables are explained below:

Account Name	31 December 2019	31 December 2018
Social Security Premiums Payable	159.295	75.274
Personnel Payables	201.442	8.727
<b>Total</b>	<b>360.737</b>	<b>84.001</b>

**NOTE 21 GOVERNMENT INCENTIVES AND GRANTS**

None.

**NOTE 22 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES***i) Provisions*

Account Name	31 December 2019	31 December 2018
Price Difference Provisions	22.990.985	17.981.244
Litigation Provisions	-	60.480
<b>Total</b>	<b>22.990.985</b>	<b>18.041.724</b>



# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

	Litigation Provision	Price Difference Provisions	Total
<b>31 December 2019</b>			
As of 1 January Balance	60.480	17.981.244	18.041.724
Additional Provision	-	22.990.985	22.990.985
Payment/Offsetting	(60.480)	(17.981.244)	(18.041.724)
<b>Total</b>	<b>-</b>	<b>22.990.985</b>	<b>22.990.985</b>
<b>31 December 2018</b>			
As of 1 January Balance	-	19.939.322	19.939.322
Additional Provision	60.480	17.981.244	18.041.724
Payment/Offsetting	-	(19.939.322)	(19.939.322)
<b>Total</b>	<b>60.480</b>	<b>17.981.244</b>	<b>18.041.724</b>

For the products sold at different prices for the previous period, the price difference invoices are taken from the customers and their provisions are set aside. In addition, in order to increase sales, customers are given targets, invoices, credit note, price difference etc. invoices are collected and their provisions are separated from dealers in order to meet the targets.

### *ii) Contingent Assets and Liabilities;*

#### **31 December 2019**

As of 31 December 2019, the Company does not have litigation.

#### **31 December 2018**

As of December 31, 2018, the legal provisions for all litigations filled against the Company amounting to **TL 60.480** are recognized and reflected in the financial statements.

Provision for doubtful receivables for execution proceedings of the Company is **TL 2.069.409** and provisioned in accordance with TFRS 9 has been provided for in the financial statements (31.12.2018: **TL 2.049.416**).

### *iii) Commitments which not shown in the liabilities;*

#### **31 December 2019**

	TL	USD	EURO
Guarante Letters Given	115.175.616	5.000.000	-
<b>TOTAL</b>	<b>115.175.616</b>	<b>5.000.000</b>	<b>-</b>

#### **31 December 2018**

	TL	USD	EURO
Guarante Letters Given	166.733.616	6.000.000	-
<b>TOTAL</b>	<b>166.733.616</b>	<b>6.000.000</b>	<b>-</b>

### *iv) Total mortgages and guarantees on assets;*

There is no mortgage and guarantees on the assets.

### *v) Total insurance amount of the assets;*

#### **31 December 2019**

Type of Insured Asset	USD	TL
Trade Goods/(Merchandise)	12.500.000	-
Other	-	-
<b>Total</b>	<b>12.500.000</b>	<b>-</b>



# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### 31 December 2018

Type of Insured Asset	USD	TL
Trade Goods/(Merchandise)	20.000.000	-
Other	85.000	-
<b>Total</b>	<b>20.085.000</b>	<b>-</b>

The ceiling amount of trade goods is the above. The amount of the premium is equal to the average amount of trade goods, provided that the above ceiling amount does not exceed. The premium base cannot be less than 40% of the ceiling amount.

### vi) Ratio of Mortgages Given by the Company to Mortgage and Shareholders' Equity:

CPM's given by the Company	31 December	31 December	31 December	31 December
	2019	2019	2018	2018
	Foreign Exchange Amount	TL Equivalent	Foreign Exchange Amount	TL Equivalent
A. CPM's given on behalf of the Company's legal personality	-	144.876.616	-	198.299.016
Guarantee Letter (USD)	5.000.000	29.701.000	6.000.000	31.565.400
Guarantee Letter (TL)	-	115.175.616	-	166.733.616
Pledge	-	-	-	-
Mortgage	-	-	-	-
B. Total amount of CPM's given in favor of subsidiaries included in full consolidation	-	-	-	-
C. Total amount of CPM's given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given in favor of the parent company	-	-	-	-
ii. Total amount of CPM's given in favor of other companies which are not in scope of B and C above	-	-	-	-
iii. Total amount of CPMs given in favor of third parties not covered by Article C.	-	-	-	-
<b>Total</b>	<b>-</b>	<b>144.876.616</b>	<b>-</b>	<b>198.299.016</b>

The ratio of other CPM given by the Company to the equity is 0%: (December 31, 2018: 0%)

### NOTE 23 COMMITMENTS

None.

### NOTE 24 EMPLOYEE BENEFITS

Account Name	31 December 2019	31 December 2018
Severance Payment Provision	295.426	213.895
<b>Total</b>	<b>295.426</b>	<b>213.895</b>

In accordance with the provisions of the current Labor Law, employees who have terminated the employment contract to qualify for severance pay are obliged to pay their legal severance payment.



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

In addition, in accordance with the legislation in force, those who are entitled to severance pay are entitled to pay their legal severance payment. Severance payment as of 1 January 2020, TL 6.730,15 (31 December 2018: TL 6.017,60).

The provision of severance payment 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 company'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 increases in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for future inflation effects.

Consequently, in the accompanying financial statements as of 31 December 2019 and 31 December 2018i the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

As of December 31, 2019, the provisions have been calculated assuming an annual inflation rate of 8,50% and a discount rate of 12,50%, resulting in a real discount rate of 3,69%. (31 December 2018: 3,51% real discount rate). Assumptions made by the Company regarding real discount rates are reviewed in every balance sheet period.

The probability of non-disassociation of severance payment liabilities is 92.00% as of December 31, 2019. (31.12.2018: 91.61%)

	1 January 2019 31 December 2019	1 January 2018 31 December 2018
Balance as of January 1	213.895	67.307
Current Period Service Cost	41.905	28.898
Actuarial Gains / (Losses)	12.889	116.965
Interest Cost	26.737	9.086
Payment (-)	-	(187.229)
Loss due to Dismissal and Reduction of Payments	-	178.868
<b>Balance at the End of the Period</b>	<b>295.426</b>	<b>213.895</b>

The accounts to which the provision for employment termination benefits (income) are recognized are as follows:

	1 January 2019 31 December 2019	1 January 2018 31 December 2018
General Administrative Expenses	(68.642)	(216.852)
Other Income from Main Operations	-	-
<b>Income / (Expense) Recognized in Profit or Loss</b>	<b>(68.642)</b>	<b>(216.852)</b>
Actuarial Gains/Losses Recognized in Other Comprehensive Income	(12.889)	(116.965)
<b>Total Period Income / (Expense)</b>	<b>(81.531)</b>	<b>(333.817)</b>

Account Name	1 January 2019 31 December 2019	1 January 2018 31 December 2018
Actuarial Gains/Losses Recognized in Other Comprehensive Income	(12.889)	(116.965)
Tax Affect % 20	2.578	23.393
<b>Net Value</b>	<b>10.311</b>	<b>(93.572)</b>



# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### NOTE 25 CURRENT PERIOD TAX ASSETS AND LIABILITIES

As of 31 December 2019 and 31 December 2018, the current period tax assets and liabilities of the Company are disclosed below

Account Name	31 December 2019	31 December 2018
Prepaid Taxes	82.551	255.860
<b>Total</b>	<b>82.551</b>	<b>255.860</b>

### NOTE 26 OTHER ASSETS AND LIABILITIES

As of 31 December 2019 and 31 December 2018, the Other Current Assets are as follows:

Account Name	31 December 2019	31 December 2018
Credit Note Income Accruals (*)	1.216.854	1.463.982
<b>Total</b>	<b>1.216.854</b>	<b>1.463.982</b>

(\*) Explanations on credit note income accruals are disclosed in Note 2.08.20.

As of 31 December 2019 and 31 December 2018, the Company does not have Other Non-Current Assets.

### NOTE 27 SHAREHOLDER'S EQUITY

#### i) Non-Controlling Interests

None.

#### ii) Capital / Capital Adjustments Due to Cross-Ownership / Shares Withdrawn

The application for increasing the TL 20,000,000 portion of the issued capital of the Company from TL 10.000.000 to TL 30.000.000 from extraordinary reserves (Previous years' profits) has been approved by the Capital Market Board on 04.10.2016.

The capital of the Company consists of 30.000.000 shares each with a nominal value of TL 1 and the issued capital is TL 30.000.000. The Company's share capital of TL 30.000.000 consists of Group A registered shares amounting to TL 454.545 and Group B bearer shares amounting to TL 29.999.545,455.

Group A shares have privileges in the selection of Board of Directors and Group B shares have no privileges. More than half of the number of members of the Board of Directors is elected from among the candidates nominated by Group A shareholders. The registered capital ceiling has been increased from TL 40.000.000 to TL 150.000.000 with the approval of the Capital Markets Board on 21.02.2019. The said resolution was adopted at the Board of Directors Meeting held on 23 May 2019. The registered capital ceiling permission granted by the Capital Market Board is valid for 2019-2023.

As at 31 December 2019 and 31 December 2018, the Company's capital and shareholding structure is as follows:

Shareholders	31 December 2019		31 December 2018	
	Share Ratio %	Share Amount	Share Ratio %	Share Amount
İndeks A.Ş.(*)	%59,24	17.772.688	%59,24	17.772.688
Tayfun Ateş	% 6,50	1.950.000	% 6,50	1.950.000
Publicly Traded	%34,26	10.277.270	%34,26	10.277.270
Other	%0,00	42	%0,00	42
<b>Total</b>	<b>%100</b>	<b>30.000.000</b>	<b>%100</b>	<b>30.000.000</b>

(\*) 51.74% of the shares is closed to the public, the publicly open shares are 7.5% of the total is 59.24%. The Company's ultimate control is Indeks A.Ş. and Nevres Erol Bilecik and his family members.

#### (iii) Share Premiums/ Discounts

The Company's capital reserves consist of share premium. There is no movement in the current period.





# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### iv) Accumulated Other Comprehensive Income or Expenses which won't be classified in Profit or Loss

The Company's other accumulated comprehensive income and expenses that will not be reclassified to profit or loss as of 31 December 2019 and 31 December 2018 are explained below.

Account Name	31 December 2019	31 December 2018
Actuarial (Gains) / Losses	(81.333)	(68.444)
Tax Affect	16.267	13.689
<b>Actuarial Gains and (Losses) (Net)</b>	<b>(65.066)</b>	<b>(54.755)</b>
<b>Revaluation and Remeasurement Gains and (Losses)</b>	<b>(65.066)</b>	<b>(54.755)</b>
<b>Accumulated Other Comprehensive Income or Expenses which won't be classified in Profit or Loss</b>	<b>(65.066)</b>	<b>(54.755)</b>
	<b>31 December 2019</b>	<b>31 December 2018</b>
Balance as of January 1	(54.755)	38.817
Increase / Decrease	(12.889)	(116.965)
Deferred Tax Offsetting	2.578	23.393
<b>Balance at the End of the Period</b>	<b>(65.066)</b>	<b>(54.755)</b>

### v) Accumulated Other Comprehensive Income or Expenses which will be classified in Profit or Loss

Account Name	31 December 2019	31 December 2018
Foreign Exchange Translation Differences	1.940.310	1.940.310
<b>Foreign Exchange Translation Differences (Net)</b>	<b>1.940.310</b>	<b>1.940.310</b>
<b>Accumulated Other Comprehensive Income or Expenses which will be classified in Profit or Loss</b>	<b>1.940.310</b>	<b>1.940.310</b>

The statement of Foreign Exchange Translation Differences is as follows.

	31 December 2019	31 December 2018
Balance as of January 1	1.940.310	1.965.400
Increase / Decrease	-	(25.090)
<b>Balance at the End of the Period</b>	<b>1.940.310</b>	<b>1.940.310</b>

### vi) Reserves on Retained Earnings

Reserves on Retained Earnings consist of legal reserves.

According to article 519 of the Turkish Commercial Code ("TCC") No. 6102, the general legal reserve fund is divided into 5% of the annual profit until it reaches 20% of the company'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 half 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) Previous Years Profits

Previous Years Profits consist of extraordinary reserves and other previous year losses.

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 2019 and 31 December 2018, the equity items of the Company are as follows:



**DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ****NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019***(Amounts are expressed in Turkish Lira unless otherwise stated.)*

<b>Account Name</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Capital	30.000.000	30.000.000
Capital Adjustment Differences	1.241.463	1.241.463
Repurchased Shares (-) (*)	(810.827)	(810.827)
Share Premiums/Discounts	3.229.361	3.229.361
Accumulated Other Comprehensive Income Or Expenses		
Which Won't Be Classified In Profit Or Loss	(65.066)	(54.755)
-Revaluation and Measurement Gains/Losses	(65.066)	(54.755)
Accumulated Other Comprehensive Income Or Expenses		
Which Will Be Classified In Profit Or Loss	1.940.310	1.940.310
-Foreign Exchange Translation Differences	1.940.310	1.940.310
Reserves on Retained Earnings	10.513.622	10.513.622
- Legal Reserves	9.420.701	9.420.701
- Subsidiary Sales Profit Added to Capital	1.092.921	1.092.921
Previous Years' Profits	54.553.949	36.678.534
Net Period Profit / (Loss)	23.545.145	17.875.415
<b>Total</b>	<b>124.147.957</b>	<b>100.613.123</b>

(\*) In accordance with the press announcement of the Capital Markets Board of Turkey ("CMB") dated 21.07.2016, it is necessary to realize the redemption of the shares in the stock exchange without any limit. In this context, with the decision of Board of Directors at 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. determination was made. Within this scope, the Company has withdrawn 158,040 shares corresponding to 0,53% of the Company's capital and traded in BİAŞ for TL 810,827. The financing of share buy-back is provided by the Company'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.

**NOTE 28 REVENUE AND COST OF SALES**

The Company's revenue and cost of sales from December 31, 2019 and December 31, 2018 is explained below.

<b>Account Name</b>	<b>1 January 2019 31 December 2019</b>	<b>1 January 2018 31 December 2018</b>
Domestic Sales and Other Sales	762.953.205	756.518.107
Sale Returns (-)	(6.366.411)	(4.190.309)
Sale Discounts (-)	(5.226.991)	(6.544.678)
<b>Revenue</b>	<b>751.359.803</b>	<b>745.783.120</b>
Cost of Goods Sold (-)	(715.493.261)	(715.880.494)
<b>Gross Profit / (Loss)</b>	<b>35.866.542</b>	<b>29.902.626</b>

Depreciation and amortization expenses are recognized in the operating expenses.

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

Operating Expenses of the Company as of 31 December 2019 and 31 December 2018 are explained below.

<b>Account Name</b>	<b>1 January 2019 31 December 2019</b>	<b>1 January 2018 31 December 2018</b>
General and Administrative Expenses (-)	(7.206.485)	(7.114.509)
Marketing, Sales and Distribution Expenses (-)	(7.566.199)	(6.233.317)
<b>Total Operating Expenses</b>	<b>(14.772.684)</b>	<b>(13.347.826)</b>



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### NOTE 30 EXPENSES BY NATURE

The Company's Expenses by Nature for the periods are disclosed below:

Account Name	1 January 2019 31 December 2019	1 January 2018 31 December 2018
<b>Marketing, Sales and Distribution Expenses, General</b>		
<b>Administrative Expenses (-)</b>		
- Personnel Expenses	(8.954.121)	(8.408.726)
- Transportation, Logistics and Warehouse Expenses	(2.659.209)	(2.356.695)
- Insurance Expenses	(260.216)	(153.606)
- Rental Expenses	(173.959)	(635.613)
- Advertising and Promotion Expenses	(34.830)	(43.047)
- Consultancy and Audit Expenses	(271.732)	(316.661)
- Outsourced Benefits and Services	(194.715)	(192.873)
- Communication Expenses	(57.015)	(53.178)
- Depreciation and Amortization Expense	(783.980)	(172.482)
- Doubtful Receivable Provision Expenses	(19.993)	-
- Other Expenses	(1.362.914)	(1.014.945)
<b>Total Operating Expenses (-)</b>	<b>(14.772.684)</b>	<b>(13.347.826)</b>

### NOTE 31 OTHER MAIN OPERATING INCOME / (EXPENSES)

The Company's Other Main Operating Income/ (Expenses) for the periods are as follows:

Account Name	1 January 2019 31 December 2019	1 January 2018 31 December 2018
<b>Other Main Operating Income</b>	<b>9.579.724</b>	<b>10.986.349</b>
Provisions No Longer Required (Litigation)	60.480	-
Provisions No Longer Required (Doubtful Receivable Provision)	-	43.468
Interest Eliminated from Sales	8.742.764	8.122.049
Interest and Rediscount Income	769.294	2.657.400
Exchange Rate Difference Income (Trade Receivables and Payables)	-	52.757
Other Income and Profit	7.186	110.675
<b>Other Main Operating Expenses(-)</b>	<b>(8.989.479)</b>	<b>(11.689.477)</b>
Interest Eliminated from Purchases	(7.370.809)	(6.837.642)
Interest and Rediscount Expense	(1.041.255)	(4.026.435)
Exchange Rate Difference Expenses (Trade Receivables and Payables)	(156.345)	(401.312)
Other Expenses and Losses	(421.070)	(424.088)
<b>Other Income/(Expenses)(Net)</b>	<b>590.245</b>	<b>(703.128)</b>

### NOTE 32 INCOME/ (EXPENSES) FROM INVESTMENT OPERATIONS

As of 31 December 2019, the Company does not have investment operating income and expenses.

As of 31 December 2018, the Company does not have investment operating income and expenses.

### NOTE 33 FINANCIAL INCOME / (EXPENSES)

The financial income of the Company as of 31 December 2019 and 31 December 2018 are explained below.

Financial Income as of periods is explained below:



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

<b>Account Name</b>	<b>1 January 2019 31 December 2019</b>	<b>1 January 2018 31 December 2018</b>
Interest Income	10.589.634	7.236.362
Foreign Exchange and Translation Differences Income	93.742	1.702.889
<b>Total Financial Income</b>	<b>10.683.376</b>	<b>8.939.251</b>

Financial Expenses as of periods is explained below:

<b>Account Name</b>	<b>1 January 2019 31 December 2019</b>	<b>1 January 2018 31 December 2018</b>
Bank and Interest Expenses	(1.791.882)	(1.551.868)
Foreign Exchange and Translation Differences Expenses	(272.679)	(183.580)
<b>Total Financial Expenses</b>	<b>(2.064.561)</b>	<b>(1.735.448)</b>

The Company does not have any capitalized financial expense.

### NOTE 34 FIXED ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

### NOTE 35 TAX ASSETS AND LIABILITIES

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

Tax assets and liabilities for the periods ended at 31 December 2019 and 31 December 2018 are as follows:

<b>Account Name</b>	<b>1 January 2019 31 December 2019</b>	<b>1 January 2018 31 December 2018</b>
Current Period Statutory Tax Provision(-)	(433.407)	-
Deferred Tax Income / (Expense)	(6.324.366)	(5.180.060)
<b>Total Tax Income / (Expense)</b>	<b>(6.757.773)</b>	<b>(5.180.060)</b>

#### i) Current Period Statutory Tax Provision

Advance tax in Turkey is calculated and accrued on a quarterly basis. In accordance with this, for the taxation of the Company's 2019 and 2018 earnings in the interim tax period, advance tax is calculated as 22% over corporate earnings.

According to the Turkish tax law, losses can be carried forward for a maximum of 5 years to be deducted from the taxable profit of the following years. However, the losses cannot be deducted retrospectively from the profits of previous years.

In accordance with Article 24 of the Corporate Tax Law No. 5520, the corporate tax return is disclosed 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, the corporation prepares and declares its tax returns from the first to the 25th day of the fourth month following the closing of the accounting period. It is possible to conduct an examination by the Tax Administration within the 5-year statute of limitations starting from the following fiscal period. Corporate Tax rate applied in Turkey is 20%. However, with the provisional article 10 of the Law No. 5520 on the Amendment of Some Tax Laws No. 7061 and some other Laws entered into force by being published in the Official Gazette dated December 5, 2017 and published in the Official Gazette. The corporation tax rate for the corporate income of the taxation periods 2018, 2019 and 2020 (for the institutions that are assigned for the special accounting period in the relevant year) shall be applied as 22%. This amendment shall be effective for the taxation of periods beginning on 1 January 2018.



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### Income Tax Withholding:

In addition to the corporation tax, income tax withholding must be calculated over the dividends distributed. With the Council of Ministers' Decision no 2006/10731, published in the Official Gazette dated 23.07.2006, the withholding tax rate was increased from 10% to 15%.

### ii) Deferred Tax:

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS and TFRS. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS / TFRS and tax basis and described below.

Account Name	31 December 2019 Accumulated Temporary Differences	31 December 2019 Deferred Tax Receivables / (Payables)	31 December 2018 Accumulated Temporary Differences	31 December 2018 Deferred Tax Receivables / (Payables)
Tangible and Intangible Asstes	(270.313)	(54.063)	(289.423)	(57.885)
Rediscount Expenses	33.666.923	7.406.723	55.497.422	12.209.433
Financial Loss	-	-	7.521.882	1.654.814
Provisions for Severance Payment	295.426	59.085	213.895	42.779
Provision for Litigation	-	-	60.480	13.306
Inventory Impairment Provision	261.340	57.495	351.550	77.341
Rediscount Income	(206.295)	(45.385)	(627.428)	(138.034)
Inventory Financing Share	295.655	65.044	145.433	31.995
Other	109.653	24.124	4.826	1.062
<b>Deferred Tax Assets</b>		<b>7.513.023</b>		<b>13.834.811</b>

	31 December 2019	31 December 2018
Deferred Tax Asset/(Liabilities) at Beginning of the Period	13.834.811	18.981.814
Deferred Tax Income/(Expense)	(6.324.366)	(5.180.060)
TFRS 9 Beginning Balance Adjustment	-	9.664
Severance Payment Actuarial Gain/(Losses) Offsetted	2.578	23.393
<b>Deferred Tax Assets/(Liabilities) at the End of the Period</b>	<b>7.513.023</b>	<b>13.834.811</b>

The reconciliation of the tax provisions for the periods ended at 31 December 2019 and 31 December 2018 is as follows:

Reconciliation of Tax Provision	1 January 2019 31 December 2019	1 January 2018 31 December 2018
Continuing Operations Profit	30.302.918	23.055.475
Corporate Tax Rate (%22)	(6.666.642)	(5.072.205)
Tax Affect:		
Tax Affect of Equity Items due to Foreign Exchange Translation	-	5.520
- Non- Tax Deductible Income/Expense	(91.131)	(113.375)
Other	-	-
<b>Tax Provision Expense in the Income Statement</b>	<b>(6.757.773)</b>	<b>(5.180.060)</b>



# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### NOTE 36 EARNINGS / (LOSSES) PER SHARE

The amount of profit per share is calculated by dividing the net profit for the period by the weighted average number of shares of the Company in the year. Earnings per share amounts for the periods are calculated in the following way:

Account Name	1 January 2019 31 December 2019	1 January 2018 31 December 2018
Period Profit / (Loss)	23.545.145	17.875.415
Average Number of Shares	30.000.000	30.000.000
<b>Earnings/(Losses) Per Share(*)</b>	<b>0,784838</b>	<b>0,595847</b>

### NOTE 37 RELATED PARTY DISCLOSURES

a) Receivables from / Payables Balances to Related Parties:

31 December 2019	Receivables		Payables	
	Trade Receivables	Non Trade Receivables	Trade Payables	Non Trade Payables
İndeks A.Ş.	47.614	-	-	-
Teklos A.Ş.	-	-	357.688	-
Homend A.Ş.	-	-	84.782	-
Despec A.Ş.	-	-	-	-
Neteks Teknoloji A.Ş.	-	-	-	-
<b>Total</b>	<b>47.614</b>	<b>-</b>	<b>442.470</b>	<b>-</b>

  

31 December 2018	Receivables		Payables	
	Trade Receivables	Non Trade Receivables	Trade Payables	Non Trade Payables
İndeks A.Ş.	351.434	-	-	-
Teklos A.Ş.	-	-	235.158	-
Homend A.Ş.	-	-	-	-
Despec A.Ş.	-	-	-	-
<b>Total</b>	<b>351.434</b>	<b>-</b>	<b>235.158</b>	<b>-</b>

The receivables and payables from related parties are not included in the collateral. There is no provision for provision for doubtful receivables related to related parties. The current account balances between the parties are generally caused by the commercial transactions. However, in some cases, there may also be cash disbursements among companies. The balances due to non-commercial transactions are classified as non-trade payables or receivables. The Bank operates interest for current account balances and is billed on a quarterly basis. The Company operates interest rates on USD, EUR and TL for the current account balances in the current period, and the interest rates for 2019 are in the range of 3,50% - 8,50% for USD for the twelve month period and 2,75% - 8,50% for the EUR and the 10,80% and 29,00% TL respectively. (As of December 31, 2018, interest rates are between% 8,00 – 8,50% (% 8,00 - 8,50) and% (% 26-34).



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

b) Purchases from related parties and sales to related parties are as follows:

31 December 2019

Sales to Related Parties	Service and Goods Sales	Joint Participation Expense	Interest and Exchange Rate Difference Income	Total Income / Sales
İndeks A.Ş.	553.583	7.447	7.301.416	7.862.446
Despec A.Ş.	603.850	-	7	603.857
Homend A.Ş.	-	705	-	705
Teklos A.Ş.	3.666	12.927	-	16.593
<b>TOTAL</b>	<b>1.161.099</b>	<b>21.079</b>	<b>7.301.423</b>	<b>8.483.601</b>

Purchases from Related Parties	Service and Goods Purchases	Joint Participation Expense	Interest and Exchange Rate Difference Income	Total Expenses/ Purchases
Despec A.Ş.	437.270	3	379	437.652
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
<b>TOTAL</b>	<b>3.243.650</b>	<b>3.718.244</b>	<b>76.381</b>	<b>7.038.275</b>

The Company has no guarantees received and given to related parties.

31 December 2018

Sales to Related Parties	Service and Goods Sales	Joint Participation Expense	Interest and Exchange Rate Difference Income	Total Income / Sales
İndeks A.Ş.	35.909	120.000	4.890.661	5.046.570
Artım A.Ş.	-	-	467	467
Despec A.Ş.	4.167.148	-	452	4.167.600
Homend A.Ş.	-	353	-	353
Teklos A.Ş.	35.362	9.195	39.090	83.647
<b>TOTAL</b>	<b>4.238.419</b>	<b>129.548</b>	<b>4.930.670</b>	<b>9.298.637</b>

Purchases from Related Parties	Service and Goods Purchases	Joint Participation Expense	Interest and Exchange Rate Difference Income	Total Expenses/ Purchases
Artım	9.483	-	950	10.433
Despec	10.691	7.485	4.825	23.001
İndeks	795.115	4.409.724	318.199	5.523.038
Teklos	2.398.186	-	107.467	2.505.653
<b>TOTAL</b>	<b>3.213.475</b>	<b>4.417.209</b>	<b>431.441</b>	<b>8.062.125</b>

The Company has no collaterals received and given to related parties.

c) Senior management benefits



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

Account Name	31 December 2019	31 December 2018
Senior Management Benefits	2.902.216	2.554.484
Benefits due to Dismissal	-	-
<b>Total</b>	<b>2.902.216</b>	<b>2.554.484</b>

The benefits and services provided to the senior management cover the remuneration of the general manager and assistant general managers.

### NOTE 38 QUALIFICATIONS AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

#### (a) Capital Risk management

The Company, while trying to maintain the continuity of its activities in capital management on one hand, aims to increase its profitability by using the balance between debts and resources on the other hand.

The capital structure of the Company consists of debts containing 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 management 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 Company 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 Company's equity does not differ from the previous period. The Company 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 Company's significant accounting policies relating to financial instruments are presented in the Note 2.

#### (c) Company Risk Exposures

Due to their activities, the Company is exposed to changes in interest rates, interest rates and other risks. The Company also carries the risk that the counterparty may fail to meet the requirements of the agreement due to the possession of the financial instruments.

Market risks encountered at the company level are measured on the basis of sensitivity analysis. In the current year, there has been no change in the Company's exposure to market risks or the manner in which it is exposed to risks or how it measures such risks.

#### (c1) Foreign Exchange Risk and Management

Foreign exchange transactions result in foreign exchange risk. The Company is exposed to foreign exchange risk due to changes in the exchange rates used in the translation of foreign exchange assets and liabilities into Turkish Lira. Foreign exchange risk arises due to the difference between the future transactions and the recognized assets and liabilities. Since the Company mainly evaluates its deposits as foreign currency deposits, the Group is exposed to foreign exchange risk due to the changes in the foreign exchange rate due to the changes in the foreign currency denominated receivables and payables.





# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

As stated below, the Company management evaluates and monitors the balance of the assets and liabilities denominated in Turkish Lira as open positions. As of 31 December 2019 and 31 December 2018, TL position risk is disclosed below:

If all other variables were fixed as of December 31, 2019, if the general level of exchange rates was 10% higher, the Company's profit before tax would have been higher by TL 35.285 (31 December 2018: TL 198.210 more).

### Exchange Rate Sensitivity Analysis Table

	Current Period 31 December 2019	
	Appreciation of Foreign Exchange	Depreciation of Foreign Exchange
USD against TL by 10% value change;		
1- USD Net Asset / Liability	34.956	(34.956)
2- Hedged portion of USD Risk (-)		
<b>3- USD Net Effect (1+2)</b>	<b>34.956</b>	<b>(34.956)</b>
EURO against TL by 10% value change;		
4- EURO Net Asset / Liability	329	(329)
5- Hedged portion of Euro Risk (-)		
<b>6- EURO Net Effect (4+5)</b>	<b>329</b>	<b>(329)</b>
Other against TL by 10% value change;		
7- Other Net Asset / Liability	-	-
8- Hedged portion of Other Risk (-)	-	-
<b>9- Other Net Effect (7+8)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>35.285</b>	<b>(35.285)</b>

### Exchange Rate Sensitivity Analysis Table

	Previous Period 31 December 2018	
	Appreciation of Foreign Exchange	Depreciation of Foreign Exchange
USD against TL by 10% value change;		
1- USD Net Asset / Liability	198.164	(198.164)
2- Hedged portion of USD Risk (-)		
<b>3- USD Net Effect (1+2)</b>	<b>198.164</b>	<b>(198.164)</b>
EURO against TL by 10% value change;		
4- EURO Net Asset / Liability	46	(46)
5- Hedged portion of Euro Risk (-)		
<b>6- EURO Net Effect (4+5)</b>	<b>46</b>	<b>(46)</b>
Other against TL by 10% value change;		
7- Other Net Asset / Liability	-	-
8- Hedged portion of Other Risk (-)	-	-
<b>9- Other Net Effect (7+8)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>198.210</b>	<b>(198.210)</b>



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### Foreign Exchange Position Table

	31 December 2019			31 December 2018		
	TL Equivalent	USD	EURO	TL Equivalent	USD	EURO
1. Trade Receivables	23.853	4.015	-	8.894	1.691	-
2a. Monetary Financial Assets	1.466.355	246.299	495	2.050.999	389.769	77
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	11.291	1.901	-	35.477	6.743	-
<b>4. Total Current Assets (1+2+3)</b>	<b>1.501.499</b>	<b>252.215</b>	<b>495</b>	<b>2.095.370</b>	<b>398.203</b>	<b>77</b>
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
<b>8. Total Non Current Assets(5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>1.501.499</b>	<b>252.215</b>	<b>495</b>	<b>2.095.370</b>	<b>398.203</b>	<b>77</b>
10. Trade Payables	938.966	158.070	-	18.245	3.468	-
11. Financial Liabilities	115.586	19.458	-	-	-	-
12a. Other Monetary Liabilities	94.093	15.840	-	94.028	17.873	-
12b. Other Non- Monetary Liabilities	-	-	-	989	188	-
<b>13. Total Short-Term Liabilities (10+11+12)</b>	<b>1.148.645</b>	<b>193.368</b>	<b>-</b>	<b>113.262</b>	<b>21.529</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-	-	-	-
<b>17. Total Long-Term Liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>1.148.645</b>	<b>193.368</b>	<b>-</b>	<b>113.262</b>	<b>21.529</b>	<b>-</b>
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	-	-	-	-	-	-
19a. Total Asset Amount of Hedged	-	-	-	-	-	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-
<b>20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)</b>	<b>352.854</b>	<b>58.847</b>	<b>495</b>	<b>1.982.108</b>	<b>376.674</b>	<b>77</b>
<b>21. Monetary Items Net Foreign Exchange Asset / (Liability) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)</b>	<b>341.563</b>	<b>56.946</b>	<b>495</b>	<b>1.947.620</b>	<b>370.118</b>	<b>77</b>
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	-	-	-	-	-	-
23. Foreign Exchange Hedged Portion Amount of Assets	-	-	-	-	-	-
24. Foreign Exchange Hedged Portion Amount of Liabilities	-	-	-	-	-	-
25. Export	-	-	-	-	-	-
26. Import	6.479.427	-	-	3.735.370	-	-



# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### c2 ) Related Party Risks

	Receivables				Notes	Bank Deposits and Reverse Repo	
	Trade Receivables		Other Receivables			Notes	Notes
	Related Party	Other	Related Party	Other			
31 December 2019							
<b>Maximum credit risk exposure as of balance sheet date (A+B+C+D)</b>	47.614	180.444.883	-	5.673		21.242.157	
- Collateralized or secured with guarantees part of maximum credit risk	-	154.703.298	-	-		-	
<b>A. Book value of restructured otherwise accepted as undue and impaired financial assets</b>	47.614	180.082.819	-	5.673	10-11	21.242.157	6
<b>B. Book value of restructured otherwise accepted as past due and impaired financial assets</b>	-	362.064	-	-		-	
- Guaranteed amount by commitment	-	-	-	-	10-11	-	6
<b>C. Impaired asset net book value</b>	-	-	-	-		-	
- Past due (gross amount)	-	2.069.409	-	-		-	
- Impairment (-)	-	(2.069.409)	-	-	10-11	-	6
- Net value collateralized or guaranteed part of net value	-	-	-	-	10-11	-	6
- Not over due (gross amount)	-	-	-	-	10-11	-	6
- Impairment (-)	-	-	-	-	10-11	-	6
- Net value collateralized or guaranteed part of net value.	-	-	-	-	10-11	-	6
<b>D. Off-balance sheet items bearing credit risk</b>	-	-	-	-	10-11	-	6

	Receivables				Notes	Bank Deposits	
	Trade Receivables		Other Receivables			Notes	Notes
	Related Party	Other	Related Party	Other			
31 December 2018							
<b>Maximum credit risk exposure as of balance sheet date (A+B+C+D)</b>	351.434	125.217.724	-	7.770		73.896.294	
- Collateralized or secured with guarantees part of maximum credit risk	-	124.870.034	-	-		-	
<b>A. Book value of restructured otherwise accepted as undue and impaired financial assets</b>	351.434	124.554.097	-	7.770	10-11	73.896.294	6
<b>B. Book value of restructured otherwise accepted as past due and impaired financial assets</b>	-	663.627	-	-		-	
- Guaranteed amount by commitment	-	-	-	-	10-11	-	6
<b>C. Impaired asset net book value</b>	-	-	-	-		-	
- Past due (gross amount)	-	-	-	-		-	
- Impairment (-)	-	2.049.416	-	-	10-11	-	6
- Net value collateralized or guaranteed part of net value	-	(2.049.416)	-	-	10-11	-	6
- Not over due (gross amount)	-	-	-	-	10-11	-	6
- Impairment (-)	-	-	-	-	10-11	-	6
- Net value collateralized or guaranteed part of net value.	-	-	-	-	10-11	-	6
<b>D. Off-balance sheet items bearing credit risk</b>	-	-	-	-	10-11	-	6



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

	Receivables	
31 December 2019	Trade Receivables	Other Receivables
1-30 days past overdue	1.613.340	-
1-30 month past over due	208.586	-
More than 3 months past over due	105.245	-
Part secured with collateral, etc	1.565.107	-

	Receivables	
31 December 2018	Trade Receivables	Other Receivables
1-30 days past overdue	921.767	-
1-30 month past over due	166.378	-
More than 3 months past over due	98.834	-
Part secured with collateral, etc.	523.352	-

### Credit risk management:

Datagate's collection risk arises mainly from its trade receivables. Almost all of the trade receivables are due to receivables from dealers. The Company 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 Company's 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 Company 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 Company's 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 quite important for our company and maximum sensitivity is shown in this regard. Our detailed explanations on our collection and risk management policy are given below.

For receivables exceeding the maturity of several months, enforcement proceedings and / or lawsuits are filed. It can also be done for some dealers who are in difficult situation. 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 Company policies and procedures and accordingly, net of doubtful receivables are presented in the balance sheet. (Note 10).



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### (c3) Interest rate risk management

The Company is exposed to interest rate risk due to its fixed rate financial instruments.

#### Interest Position Statement

	31 December 2019	31 December 2018
<b>Fixed Interest Rate Financial Instruments</b>		
Financial Assets	15.503.412	69.653.434
Financial Liabilities	77.700.345	62.472.181
<b>Floating Interest Rate Financial Instruments</b>		
Financial Assets	-	-
Financial Liabilities	-	-

If the interest had been higher by 1 point on 31 December 2019 and all other variables had remained constant, the profit before tax would have been 621.969 TL more.

If the interest had been higher by 1 point on 31 December 2018 and all other variables had remained constant, the profit before tax would have been 71.813 TL more.

### (c4) Liquidity risk management

The Company follows the cash flows regularly and tries to manage the liquidity risk by maintaining sufficient funds and borrowing reserves through matching the maturity of financial assets and liabilities.

#### 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.

Risk of existing or future possible debt requirements being fundable is managed by maintaining the continuation of availability of sufficient numbers and high quality credit providers.

The following table shows derivative and non-derivative financial liabilities of the Company on the basis of TL maturity distribution:

#### 31 December 2019

Contract Maturities	Book Value	Cash Outflows Total As Per the Contract	Shorter than 3 months	4-12 month	1-5 years	More than 5 years
<b>Non-Derivative Financial Liabilities</b>	<b>120.731.195</b>	<b>126.567.719</b>	<b>77.735.784</b>	<b>47.298.591</b>	<b>1.533.345</b>	-
Bank Loans	75.862.490	80.889.884	34.223.798	46.666.086	-	-
Financial Leasing Liabilities	1.837.855	2.440.690	274.841	632.505	1.533.345	-
Trade Payables	41.284.873	41.491.168	41.491.168	-	-	-
Other Payables	1.745.977	1.745.977	1.745.977	-	-	-
Other	-	-	-	-	-	-



# DATA GATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### 31 December 2018

Contract Maturities	Book Value	Cash Outflows				
		Total As Per the Contract	Shorter than 3 months	4-12 month	1-5 years	More than 5 years
<b>Non-Derivative</b>						
<b>Financial Liabilities</b>	<b>105.890.644</b>	<b>116.465.180</b>	<b>69.612.719</b>	<b>40.301.123</b>	<b>6.551.338</b>	-
Bank Loans	62.472.181	72.419.289	25.566.828	40.301.123	6.551.338	-
Trade Payables	41.954.875	42.582.303	42.582.303	-	-	-
Other Payables	1.463.588	1.463.588	1.463.588	-	-	-
Other	-	-	-	-	-	-

(c5) Other risks analysis

### Common Stocks, etc. Risks Related to Financial Instruments

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

### NOTE 39 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND THE DISCLOSURES RELATED TO HEDGING AGAINST FINANCIAL RISKS)

#### Financial risk management objectives

The finance department of the Company is responsible for the regular access to financial markets and the monitoring and management of financial risks related to the Company's operations. These risks include; market risk (includes foreign currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

#### Fair Value of Financial Instruments

Fair value is the amount at which a financial instrument can be exchanged in a current transaction between voluntary parties, except for a forced sale or liquidation, and is best determined by a quoted market price, if any.

The Company has determined the estimated values of the financial instruments by using current market information and appropriate valuation methods. However, evaluating market information and estimating real values require interpretation and reasoning. As a result, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

#### Monetary Assets

Foreign exchange balances are translated into Turkish Lira at the exchange rates prevailing at the end of the period. These balances are estimated to be close to the book value.

Certain financial assets, including cash and cash equivalents, are carried at cost and are considered to approximate their respective carrying values due to their short-term nature.

It is predicted trade receivables together with the related provision for doubtful receivables carrying their fair values.

#### Monetary Liabilities

Foreign exchange balances are translated into Turkish Lira at the exchange rates prevailing at the end of the period. These balances are estimated to be close to the book value.

Due to their short-term nature, the carrying values of bank loans and other monetary liabilities are considered to approximate their respective carrying values.

The carrying values of trade payables are considered to approximate their carrying values due to their short-term nature.



# DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

(Amounts are expressed in Turkish Lira unless otherwise stated.)

### Fair Value Estimations:

Effective from 1 January 2009, the Company has applied the amendment to IFRS 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:

Level 1: Financial assets and liabilities are valued at exchange rates traded on the active market for the same assets and liabilities.

Level 2: Financial assets and liabilities are valued at the inputs used to find the price that can be observed directly or indirectly in the market, other than the quoted price in the 1st category.

Level 3: Financial assets and liabilities are valued using inputs that are not based on observable inputs in the market for the fair value of the asset or liability.

The fair values of balances denominated in foreign exchanges translated at year-end exchange rates are considered to approximate their respective carrying values.

As of December 31, 2019 and December 31, 2018, the Company has presented its financial assets at fair value in the 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 SUBSEQUENT EVENTS

None.

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

None.

