

**DATAGATE BİLGİSAYAR MALZEMELERİ
TİCARET ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022
TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT**

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

DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR 1 JANUARY- 31 DECEMBER 2022

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

DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

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CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2022 AND 2021

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

		<i>Audited</i>	<i>Audited</i>
		<i>Current Period</i>	<i>Prior Period</i>
	Notes	31 December 2022	31 December 2021
ASSETS			
Current Assets		712.411.960	592.107.859
Cash and Cash Equivalents	6	17.179.688	23.209.165
Financial Investments	7	-	-
Trade Receivables	10	447.901.801	384.714.439
<i>Related Parties</i>	<i>10-37</i>	<i>13.014</i>	<i>954.098</i>
<i>Third Parties</i>	<i>10</i>	<i>447.888.787</i>	<i>383.760.341</i>
Other Receivables	11	268.762	358.101
<i>Related Parties</i>	<i>11-37</i>	-	-
<i>Third Parties</i>	<i>11</i>	<i>268.762</i>	<i>358.101</i>
Derivative Instruments	12	-	5.389.259
Inventories	13	191.709.765	140.174.784
Prepaid Expenses	15	42.865.675	21.967.763
Current Income Tax Assets	25	-	-
Other Current Assets	26	12.486.269	16.294.348
Non-Current Assets		20.219.482	11.329.827
Trade Receivables	10	-	-
<i>Third Parties</i>	<i>10</i>	-	-
Investment Properties	17	228.490	233.170
Property, Plant and Equipment	18	523.654	550.051
Right of Use Assets	18	3.874.237	1.972.913
Intangible Assets	19	789.645	873.367
<i>Other Intangible Assets</i>	<i>19</i>	<i>789.645</i>	<i>873.367</i>
Deferred Tax Assets	35	14.803.456	7.700.326
TOTAL ASSETS		732.631.442	603.437.686

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

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

DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

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CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2022 AND 2021

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

		<i>Audited</i>	<i>Audited</i>
		<i>Current Period</i>	<i>Prior Period</i>
	Notes	31 December 2022	31 December 2021
LIABILITIES			
Current Liabilities			
		438.748.360	361.097.609
Short Term Borrowings	8	54.968.750	172.599.148
Short Term Portion of Long Term Borrowings	8	-	-
Trade Payables	10	235.046.627	144.833.041
<i>Related Parties</i>	<i>10-37</i>	<i>112.227.064</i>	<i>16.999.225</i>
<i>Third Parties</i>	<i>10</i>	<i>122.819.563</i>	<i>127.833.816</i>
Employee Benefits	20	719.190	197.802
Other Payables	11	104.105.410	536.492
<i>Related Parties</i>	<i>11-37</i>	<i>103.037.124</i>	-
<i>Third Parties</i>	<i>11</i>	<i>1.068.286</i>	<i>536.492</i>
Derivative Instruments	12	947.808	-
Deferred Income	15	12.263.227	7.638.350
Current Income Tax Liabilities	35	3.471.761	11.196.343
Short Term Provisions	22	27.225.587	24.096.433
<i>Other Short Term Provisions</i>	<i>22</i>	<i>27.225.587</i>	<i>24.096.433</i>
Non-Current Liabilities			
		5.300.535	2.690.765
Long Term Borrowings	8	2.204.228	1.171.750
Long Term Provisions for Employee Benefits	24	3.096.307	1.519.015
EQUITY			
		288.582.547	239.649.312
Equity Holders of the Parent			
		197.190.898	168.620.906
Paid in Share Capital		30.000.000	30.000.000
Adjustment to Share Capital		1.241.463	1.241.463
Repurchased Shares (-)		(810.827)	(810.827)
Share Premium		3.229.361	3.229.361
Business Combinations Under Common Control		(11.913.128)	(11.913.128)
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss		(622.360)	(158.736)
<i>Gains/losses on remeasurements of defined benefit plans</i>		<i>(622.360)</i>	<i>(158.736)</i>
Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss		1.940.310	1.940.310
<i>Currency Translation Differences</i>		<i>1.940.310</i>	<i>1.940.310</i>
Restricted Reserves		10.513.622	10.513.622
Retained Earnings		134.578.841	103.248.744
Profit for the Period		29.033.616	31.330.097
Non-Controlling Interests		91.391.649	71.028.406
TOTAL LIABILITIES AND EQUITY		732.631.442	603.437.686

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

CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Notes	<i>Audited Current Period 1 January - 31 December 2022</i>	<i>Audited Prior Period 1 January - 31 December 2021</i>
PROFIT OR LOSS			
Revenue	28	2.301.092.290	1.892.774.228
Cost of Sales (-)	28	(2.145.251.099)	(1.799.954.140)
GROSS PROFIT/(LOSS) FROM FINANCIAL OPERATIONS		155.841.191	92.820.088
GROSS PROFIT/(LOSS)		155.841.191	92.820.088
General Administrative Expenses (-)	29	(28.335.951)	(19.132.843)
Marketing, Sales and Distribution Expenses (-)	29	(27.977.663)	(19.032.836)
Other Operating Income	31	108.828.535	51.582.726
Other Operating Expenses (-)	31	(56.032.479)	(37.733.521)
OPERATING PROFIT / (LOSS) FROM CONTINUING OPERATIONS		152.323.633	68.503.614
Gains from Investment Activities	32	-	-
Losses from Investment Activities (-)	32	(690)	-
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		152.322.943	68.503.614
Financial Income	33	6.085.102	30.395.902
Financial Expenses (-)	33	(90.262.458)	(29.346.504)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		68.145.587	69.553.012
Tax income/(expense)		(18.379.930)	(17.028.436)
- Current period tax expense	35	(25.274.955)	(16.948.133)
- Deferred tax income/expense	35	6.895.025	(80.303)
PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		49.765.657	52.524.576
PROFIT / (LOSS) FOR THE PERIOD		49.765.657	52.524.576
Attributable to:		49.765.657	52.524.576
Non-Controlling Interests		20.732.041	21.194.479
Equity Holders of the Parent		29.033.616	31.330.097
Earnings Per Share	36	0,967787	1,044337
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit/loss		(832.422)	(90.147)
Actuarial gains/(losses) on remeasurements of defined benefit plans	27	(1.040.527)	(112.684)
Taxes relating to other comprehensive income not to be reclassified to profit/(loss)		208.105	22.537
- Deferred tax income/expense		208.105	22.537
Items to be reclassified to profit/loss	27	-	-
OTHER COMPREHENSIVE INCOME/(LOSS)		(832.422)	(90.147)
TOTAL COMPREHENSIVE INCOME/(LOSS)		48.933.235	52.434.429
Attributable to:		48.933.235	52.434.429
Non-Controlling Interests		20.732.041	21.155.784
Equity Holders of the Parent		28.201.194	31.278.645

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DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Notes	Paid-in share capital	Adjustment to Share Capital	Repurchased Shares	Share Premium	Business Combinations Under Common Control	Items not to be reclassified to profit/loss		Items to be reclassified to profit/loss	Retained Earnings		Profit for the Period	Equity Holders of the Parent	Non-Controlling Interests	Total Equity
							Gains/(losses) on remeasurement of defined benefit plans	Other Gains/(Losses)	Currency Translation Differences	Restricted Reserves	Prior Years Income				
Audited Current Period															
Balances at 1 January 2022 (Beginning of the period)	27	30.000.000	1.241.463	(810.827)	3.229.361	(11.913.128)	(158.736)	-	1.940.310	10.513.622	103.248.744	31.330.097	168.620.906	71.028.406	239.649.312
<i>Transfers</i>		-	-	-	-	-	-	-	-	-	31.330.097	(31.330.097)	-	-	-
Total Comprehensive Income		-	-	-	-	-	(463.624)	-	-	-	-	29.033.616	28.569.992	20.363.243	48.933.235
<i>-Net Profit/Loss for the Period</i>		-	-	-	-	-	-	-	-	-	-	29.033.616	29.033.616	20.732.041	49.765.657
<i>Other Comprehensive Income</i>		-	-	-	-	-	(463.624)	-	-	-	-	-	(463.624)	(368.798)	(832.422)
<i>Capital Increases</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Dividends Paid</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Business Combinations Under Common Control</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Transactions with share based payments</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at 31 December 2022 (End of the period)	27	30.000.000	1.241.463	(810.827)	3.229.361	(11.913.128)	(622.360)	-	1.940.310	10.513.622	134.578.841	29.033.616	197.190.898	91.391.649	288.582.547
Audited Prior Period															
Balances at 1 January 2021 (Beginning of the period)	27	30.000.000	1.241.463	(810.827)	3.229.361	(11.913.128)	(107.284)	-	1.940.310	10.513.622	78.099.094	25.149.650	137.342.261	49.872.622	187.214.883
<i>Transfers</i>		-	-	-	-	-	-	-	-	-	25.149.650	(25.149.650)	-	-	-
Total Comprehensive Income		-	-	-	-	-	(51.452)	-	-	-	-	31.330.097	31.278.645	21.155.784	52.434.429
<i>-Net Profit/Loss for the Period</i>		-	-	-	-	-	-	-	-	-	-	31.330.097	31.330.097	21.194.479	52.524.576
<i>Other Comprehensive Income</i>		-	-	-	-	-	(51.452)	-	-	-	-	-	(51.452)	(38.695)	(90.147)
<i>Capital Increases</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Dividends Paid</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Business Combinations Under Common Control</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Transactions with share based payments</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at 31 December 2021 (End of the period)	27	30.000.000	1.241.463	(810.827)	3.229.361	(11.913.128)	(158.736)	-	1.940.310	10.513.622	103.248.744	31.330.097	168.620.906	71.028.406	239.649.312

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

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

DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Notes	Audited Current	Audited
		Period	Prior Period
		01.01.2022-	01.01.2021-
		31.12.2022	31.12.2021
A) CASH FLOWS FROM OPERATING ACTIVITIES		173.499.890	38.850.367
Profit for the Period		49.765.657	52.524.576
Adjustments to reconcile profit for the period to cash generated from operating activities:		91.431.055	30.212.729
Depreciation and amortisation	17-18-19	2.042.319	1.643.264
Adjustments for impairment loss/(reversal of impairment loss)		9.670.270	1.199.650
Adjustments for receivables impairment (reversal)	10	(354.927)	1.554.863
Adjustments for inventory impairment (reversal)	13	10.025.197	(355.213)
Adjustments for provisions		4.125.984	3.070.655
Adjustments for provisions for employee benefits (reversal)	24	996.830	571.399
Adjustments for provisions for lawsuits and penalties	22	4.461	4.461
Adjustments for other provisions (reversal)	22	3.124.693	2.494.795
Adjustments for interest income/expense		53.404.473	13.838.811
Adjustments for interest income	31-33	(50.370.721)	(31.960.149)
Adjustments for interest expenses	31-33	104.031.991	45.509.985
Deferred financial expenses from term purchases	10	520.278	(851.116)
Unrealised financial income from term sales	10	(777.075)	1.140.091
Adjustments for tax income/expense	35	18.379.930	17.028.436
Other adjustments to reconcile profit for the period	26	3.808.079	(6.568.087)
Changes in Working Capital		69.736.027	(33.636.076)
Adjustments for Gains/Losses in Trade Receivables	10	(62.055.360)	(76.416.659)
Adjustments for Gains/Losses In Other Receivables Related To Operations	11	89.339	44.569
Gains/Losses from Inventories	13	(61.560.178)	5.001.942
Adjustments for losses/(gains) in Trade Payables	10	89.693.308	37.650.063
Adjustments for Gains/Losses In Trade Payables Related To Operations	11	103.568.918	84.009
Cash flows from Operating Activities		210.932.739	49.101.229
Payments Within Provisions Related To Employee Benefits	24	(460.065)	(295.708)
Income Taxes Refund/Paid	35	(32.999.537)	(6.176.493)
Other Cash Inflows/(Outflows)		(3.973.247)	(3.778.661)
B) CASH FLOWS FROM INVESTING ACTIVITIES		(219.228)	(516.376)
Cash Inflows from Acquisition of Other Entities, Funds and Debt Instruments		-	-
Cash inflows from sale of property, plant and equipment and intangible asset	18-19	8.475	-
Cash inflows from sale of property, plant and equipment		8.475	-
Cash inflows from sale of intangible assets		-	-
Cash outflows from purchase of property, plant and equipment and intangible assets	18-19	(227.703)	(516.376)
Cash outflows from purchase of property, plant and equipment	18	(195.676)	(358.876)
Cash outflows from purchase of intangible assets	19	(32.027)	(157.500)
Investment Properties (-)	17	-	-
C) CASH FLOWS FROM FINANCING ACTIVITIES		(179.287.208)	(35.816.762)
Cash inflows from borrowings	8	250.708.746	266.758.747
Cash inflows from loans	8	250.708.746	266.758.747
Cash outflows from repayments of borrowings	8	(374.479.644)	(283.838.914)
Cash outflows from loan repayments	8	(374.479.644)	(283.838.914)
Cash outflows from payments of lease liabilities		(2.333.259)	(1.847.357)
Dividends paid		-	-
Interest paid	32-33	(53.183.051)	(16.889.238)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(6.006.546)	2.517.229
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(6.006.546)	2.517.229
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	23.222.908	20.705.679
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	17.216.362	23.222.908

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

DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

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

Datagate is subject to regulations of the Capital Markets Board ("CMB") and its shares have been quoted on the Borsa İstanbul ("BIST") since February 2006 and its shares are listed in the BIST Main Market.

As of 31 December 2022 and 2021, the principal shareholders and their shareholding rates in Datagate is as follows:

- The ultimate controlling party of Datagate is İndeks Bilgisayar Sistemleri Sanayi ve Ticaret A.Ş. with effective ownership interest rate of 59.24% (Unlisted 49.24% and listed 10% and total of 59.24%),

Datagate acquired the shares of Despec Bilgisayar Pazarlama ve Ticaret A.Ş. with effective ownership interest rate of 49.13% on 12 March 2020. Despec's nature of business is operating in consumer electronics and telecom.

As of 31 December 2022 and 2021, the subsidiary included in the scope of consolidation of Datagate is as follows:

Subsidiary	Nature of Business	Share Capital	Direct Ownership Held by Datagate %	Indirect Ownership Held by Datagate %
Despec Bilgisayar Pazarlama ve Ticaret A.Ş.	Consumer Electronics and Telecom	TL 23.000.000	49.13%	49.13%

Total end of period and average number of personnel employed by Datagate is 67 (31 December 2021: 69). All personnel of the Company are administrative personnel.

The registered address of Datagate is as follows:

Ayazağa Mah. Mimar Sinan Sok. No: 21 Seba Office Boulevard D Blok Kat:1 Bölüm No:10 PK: 34485 Ayazağa/Sarıyer/İSTANBUL

The Company's head office is in Istanbul. In addition, the Company has a branch in Ankara.

The registered address of Ankara branch is as follows:

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.01 Basis of Presentation

Datagate Bilgisayar Malzemeleri Ticaret A.Ş. maintains their books of account and prepares their statutory consolidated financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676.

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

These consolidated financial statements as of and for the year ended 31 December 2022 have been approved for issue by the Board of Directors (“BOD”) on 28 February 2023. These financial statements will be finalised following their approval in the General Assembly.

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

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

2.02 Adjustments of Financial Statements in Hyperinflationary Periods

In accordance with the statement made by the Public Oversight, Accounting and Auditing Standards Authority on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (CPI) is 74.41%, it has been stated that there is no need to make any adjustments within the scope of TAS 29 “Financial Reporting in Hyperinflationary Economies” standard. Since the POA has not taken a decision regarding the application of inflation accounting for the 2022, inflation accounting has not been applied in the consolidated financial statements. In this respect, while preparing the financial statements as of 31 December 2022 and 2021, no inflation adjustment was made according to TAS 29.

2.03 Basis of Consolidation

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

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

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

Business Combinations under Common Control- Acquisition Method of Entity

In accordance with the investment and growth plans, Datagate’s effective ownership interest rate has changed following the acquisition of 49.13% of Despec Bilgisayar Pazarlama ve Ticaret A.Ş.’s 11.300.994 number of outstanding shares. In addition, Datagate acquired Desbil Teknolojik Ürünler A.Ş., N. Erol Bilecik and other shareholders’ shares purchased at the unit amount of TL 4.67 and total amount of TL 52.775.640 on 12 March 2020.

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In scope of “Business Combinations Under Common Control-Recognition” announced by POA published in Official Gazette on 21 July 2013, the pooling of interest method is applied, while the consolidated financial statements will be corrected and the business combination was realized as of the 1 January 2020 in which the joint control was formed and presented comparatively from the beginning of the reporting period when the joint control was established in order to eliminate the possible asset-liability mismatch that may occur due to the business combination subject to joint control. If the amount transferred due to a business combination under common control exceeds the carrying amount of the net assets of the acquire at the acquisition date, “Business Combinations Under Common Control” as an item recognised under equity.

The 4.000 number of outstanding shares within total number of 11.300.994 shares are Class A shares and remaining shares are Class B shares. Datagate Bilgisayar Malzemeleri Ticaret A.Ş has also acquired the 4.000 Class A shares of Despec Bilgisayar ve Pazarlama Malzemeleri A.Ş. Class A shares have voting privileges in the election of Board of Directors. Board of Directors of Despec Bilgisayar ve Pazarlama Malzemeleri A.Ş is selected from 5 or 6 members in case of 5 or 6 members, 5 members in case of 7 or 8 members, 6 members in case of 9 members from among the candidates nominated by the Class A shareholders of the Group.

Subsidiary	Nature of Business	Share Capital	Direct Ownership Held by Datagate %	Indirect Ownership Held by Datagate %
Despec Bilgisayar Pazarlama ve Ticaret A.Ş	Consumer Electronics and Telecom	TL 23.000.000	49.13%	49.13%

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

2.04 Comparatives and adjustment of prior periods’ financial statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

2.05 Offsetting

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

2.06 Changes in Accounting Policies

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

2.07 Changes in Accounting Estimates and Errors

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

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

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

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

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

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

Significant Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with TFRS requires management to make estimates and assumptions that are reflected in the measurement of income and expense in the consolidated statement of profit or loss and in the carrying value of assets and liabilities in the consolidated balance sheet, and in the disclosure of information in the notes to the consolidated financial statements. Managements do exercise judgment and make use of information available at the date of the preparation of the consolidated financial statements in making these estimates. The actual future results from operations in respect of the areas where these judgments and estimates have been made may in reality be different than those estimates.

The key assumptions concerning the future and other key resources of estimation at the consolidated balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

- Provision for employment termination benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates) (**Note 24**).
- The Group depreciates its property, plant and equipment and intangible assets on a straight-line basis over their useful lives. Expected useful life, residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates. The Group has no changes in accounting estimates during the period (**Note 18-19**).
- On the provision for lawsuits in **Note 22**, the probability of losing these cases regarding collecting the receivables and the consequences to be faced if these cases are lost evaluated in accordance with the opinions of the Group's legal counsel as of 31 December 2022 and 2021. The Group obtains letters of guarantee from companies it deems necessary and risky in order to prevent doubtful trade receivables (**Note 10**).
- Inventories are valued at the lower of cost or net realisable value. For determination of inventory impairment, the technological obsolescence of the products in the Group's inventories are also taken into consideration (**Note 13**).
- The Group obtains premiums at pre-determined rates from sales or purchases from the companies that have distributorship agreement. Accrued premiums are recognized as income on the basis of progress payment (**Note 26**).

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2.08 Summary of Significant Accounting Policies

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

2.08.01 Revenue Recognition

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

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

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

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

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

If there is a significant financing component included in sales, the fair value is determined by reducing the future cash flows with the hidden interest rate recognized in the consolidated financial statements. The difference is reflected to the consolidated financial statements on accrual basis.

2.08.02 Inventories

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

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

2.08.03 Property, plant and equipment and related depreciation

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

	<u>Economic Useful Lives (year)</u>
- Machinery and Equipment	5

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- Furniture and Fixtures	4-5
- Motor Vehicles	2-5
- Leasehold Improvements	5

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

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

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

2.08.04 Intangible assets and related amortisation

Intangible assets comprise assets acquired through computer programs and rights. The Group has no internally generated intangible assets during the period.

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

They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives for 3-15 years.

Intangible assets are reviewed for impairment at each balance sheet date. If the carrying amount of an intangible asset exceeds its estimated recoverable amount, the carrying amount is reduced to its recoverable amount. There has been no provision calculated for impairment on intangible assets.

2.08.05 Impairment of Assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization. An impairment test is applied to these assets each year. For assets subject to amortization, impairment test is applied if the book value cannot be recovered. An impairment loss is recognized if the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets except goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.08.06 Research and Development Costs

None.

2.08.07 Borrowing Costs

Borrowing costs are recognized as an expense in the period which they incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement. All other borrowing costs are recognized in profit or loss in the period in which they are incurred. Borrowing costs include interest expenses and all other borrowing costs. The Group does not have capitalized financing costs during the period.

2.08.08 Financial Instruments

i. Financial Assets-Classification and Measurement

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

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

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

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

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

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

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

- The retention of the financial asset based on a business model aimed at collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

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

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

Assesing the cash flow characteristics also includes an analysis of changes in the timing or in the amount of payments. It is necessary to assess whether the cash flows before and after the change represent only repayments of the nominal amount and an interest based on them.

The right of termination may for example be in accordance with the cash flow condition if, in the case of termination, the only outstanding payments consists of principal and interest on the principal amount and an appropriate compensation payment where applicable.

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

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

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

ii. Impairment of Financial Assets

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

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

Credit-impaired financial asset

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

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

Presentation

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

Derecognition

If there is no reasonable expectation to recover a cash flow higher than the financial asset, the gross amount of the financial asset is deducted from the records. This is generally the case when the Group determines that the borrower does not have sufficient sources of income or assets that can repay the amounts subject to the reversal. However, the financial assets that are derecognized may still be subject to sanction activities applied by the Group for the recovery of past due receivables.

Financial assets are deducted from the records if there is no expectation of recovery (such as the debtor does not make any repayment plans with the Group). The Group continues to exercise sanctions in order to recover the receivables of trade receivables, other receivables, other assets and contract assets. The recovery amounts are recognized in consolidated statement of income.

2.08.09 Foreign Currency Translation

Foreign currency transactions are translated into Turkish Lira using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira using the

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

2.08.10 Earnings Per Share

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

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

2.08.11 Events After the Reporting Period

Events after the reporting period are those events, which occur between the balance sheet date and the date when the consolidated financial statements are authorized for issue.

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

2.08.12 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Contingent liabilities are consistently reviewed prior to the probability of any cash out-flow. In case of the cash outflow is probable, provision is set forth in the consolidated financial statements of the year the probability of contingent liability accounts is changed. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made for the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

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

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

2.08.13 Leases

Group - as a lessee

Finance Leases

A lease is classified as finance lease if it transfers substantially all the risks and rewards incident to ownership. An entity assesses the classification of each element as finance or an operating lease separately. At commencement of the

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lease term, finance leases should be recorded as an asset and liability at the lower of the fair value of the asset and the present value of the minimum lease payments (discounted at the interest rate implicit in the lease, if practicable, or else entity's incremental borrowing rate)

Finance lease payments should be apportioned between the finance charge and the reduction of the outstanding liability (the finance charge to be allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability.) Property, plant and equipment acquired through finance lease are depreciated over economic useful lives.

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

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

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

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

Right-of-use asset Group - as a lessee

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

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

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

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

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

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

Lease liability

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

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

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made, and

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c) Remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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

Group - as a lessor

Operating Leases

Non-current assets leased out under operating leases are classified according to its nature in the consolidated balance sheet. Rental income is recognised in the consolidated statement of income on a straight-line basis over the lease term.

2.08.14 Related Parties

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

2.08.15 Government Grants

None.

2.08.16 Investment Properties

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

2.08.17 Taxes on Income

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

Current Tax

Current year tax liability is calculated over the taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that cannot be taxed or deducted. The Group's liability for current tax is calculated using legal statutory tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

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

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

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resulting from taxable temporary differences related to such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available and that it is probable that future differences will be eliminated.

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

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

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

Current and deferred tax for the period

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

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

Offsetting in tax assets and liabilities

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

2.08.18 Provision for Employment Termination Benefits

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

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

2.08.19 Statement of Cash Flow

Cash and cash equivalents are carried at cost in the consolidated balance sheet. Cash and cash equivalents comprises cash in hand, bank deposits and highly liquid investments. Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements. Cash flows from operating activities represent the cash flows generated from the Group's activities.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (tangible and intangible assets and financial assets).

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Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.08.20 Income Accruals

Almost all of the products sold by the Group are in 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, relevant costs are considered under the name of “rebate”, “risturn”, “sell out” and “bonus” or offset from current accounts. These amounts are recognized as credit note income accrual in the consolidated balance sheet asset by providing the targets or conditions given by the seller companies. These prices are deducted or collected from the current account with the documents issued by the vendors under rebate or, risturn, sell out, bonus, arranged documents under credit note “(or invoices issued by the Group).

2.08.21 Warranty Provisions

The Group operates as the Turkey’s 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 delivered from the dealers and are transferred to the manufacturers or companies appointed by the manufacturers for repair. For products that required to be replaced within the scope of warranty after repair, new products are given to the customers and the amount is invoiced to the manufacturers. The Group has no warranty provisions during the period.

2.09 New and Revised Turkish Financial Reporting Standards

New and revised standards and interpretations

Standards and interpretations issued but not yet effective and not early adopted as at 31 December 2022

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/IFRS and (“TAS”)/IFRS interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations to the existing previous standards which are effective from 31 December 2022 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted.

Amendments include the following matters:

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

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The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as;

How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes in notes to the financial statements.

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

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Standards and amendments issued but not yet effective and not early yet adopted as of 31 December 2022

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

TFRS 17 - The New Standard for Insurance Contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet

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measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted for the entities applied TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers standards.

In accordance with amendments issued by POA in December 2021, entities have transition option for a “classification overlay” to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17. The Group is assessing the potential significant material impact of the amendments on financial position or performance of the Group.

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will be applied for annual reporting periods beginning on or after January 1, 2023. Early application is permitted. The Group is assessing the potential significant material impact of the amendments on financial position or performance of the Group.

Amendments to TAS 1 - Classification of Liabilities as Current or Non-current

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Group is assessing the potential significant material impact of the amendments on its financial position or performance.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of “accounting estimates”. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the commencement of the effective date. Earlier application is permitted. The Group is assessing the potential significant material impact of the amendments on its financial position or performance.

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgment is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax

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asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The Group is assessing the potential significant material impact of the amendments on its financial position or performance.

Amendments to TFRS 16 – Sale and Leaseback Transactions

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The amendments to TFRS 16 add to requirements explaining how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

NOTE 3 - BUSINESS COMBINATIONS

As of 31 December 2022 and 2021, the Group has no business combinations.

NOTE 4 - DISCLOSURE OF INTERESTS IN OTHER ENTITIES

None.

NOTE 5 - SEGMENT REPORTING

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

NOTE 6 - CASH AND CASH EQUIVALENTS

As of 31 December 2022 and 2021, the functional breakdown of cash and cash equivalents is as follows:

Account Name	31 December 2022	31 December 2021
Cash in hand	141.046	110.543
Banks	7.052.369	14.788.213
- Demand Deposit	7.052.369	14.788.213
Time Deposit (Reverse Repo)	650.392	5.103.072
Credit Card Slips	9.335.881	3.207.337
Total	17.179.688	23.209.165

As of 31 December 2022, reverse repo and demand deposits interest income accrued total amounted to TL 392, maturity of 3 days. The reverse repo transactions are made in TL and the annual interest rate is 11.62%. As of 31 December 2022, interest expense arising from credit card slips accrued total amounted to TL 37.066, maturity of 1-32 days with the annual effective interest rate of 11.75%. Net expense accrual arising from interests included in cash and cash equivalents is amounting to TL 36.674.

As of 31 December 2021, reverse repo and demand deposits interest income accrued total amounted to TL 3.072, maturity of 3 days. The reverse repo transactions are made in TL and the annual interest rate is 24.58%. As of 31 December 2021, interest expense arising from credit card slips accrued total amounted to TL 16.815, maturity of 1-31 days with the annual effective interest rate of 18%. Net expense accrual arising from interests included in cash and cash equivalents is amounting to TL 13.743.

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

Cash and Cash Equivalents:	31 December 2022	31 December 2021
Balance Sheet Position, net	17.179.688	23.209.165
Interest Income (-) / Expense Accruals (+)	36.674	13.743
Statement of Cash Flow, net	17.216.362	23.222.908

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As of 31 December 2022, the Group has no blocked deposits and pledged cash and cash equivalents (31 December 2021: None).

NOTE 7 - FINANCIAL INVESTMENTS

None.

NOTE 8 - BORROWINGS

As of 31 December 2022 and 2021, short-term borrowings are as follows:

Account Name	31 December 2022	31 December 2021
Short-term bank borrowings	52.938.465	171.483.177
Lease liabilities	2.030.285	1.115.971
Short term borrowings, net	54.968.750	172.599.148

The functional breakdown of short term borrowings is as follows:

31 December 2022

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
Short-term borrowings:			
<i>Short-term bank borrowings - TL</i>		52.938.465	41.48
<i>Lease liabilities - TL</i>		2.030.285	18.00-21.00
Total short term borrowings		54.968.750	

As of 31 December 2022, short-term bank borrowings are amounting to TL 52.938.465. In addition, short-term lease liabilities are amounting to TL 2.030.285.

31 December 2021

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
Short-term borrowings:			
<i>Short-term bank borrowings - TL</i>		171.483.177	18.40-33.00
<i>Lease liabilities - TL</i>		1.115.971	18.00-21.00
Total short term borrowings		172.599.148	

As of 31 December 2021, short-term bank borrowings are amounting to TL 171.483.177. In addition, short-term lease liabilities are amounting to TL 1.115.971.

The functional breakdown of long-term borrowings is as follows:

As of 31 December 2022 and 2021, the details of non-current liabilities are as follows:

Account Name	31 December 2022	31 December 2021
Lease Liabilities	2.204.228	1.171.750
Total	2.204.228	1.171.750

31 December 2022

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
Long term borrowings:			
<i>Lease Liabilities - TL</i>		2.204.228	18.00-21.00
Total		2.204.228	

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The Group has no long-term loans during the period. In addition, lease liabilities are amounting to TL 2.204.228.

31 December 2021

Type	Original Currency Amount	TL Equivalent	Annual Effective Interest Rate (%)
Long term borrowings:			
<i>Lease Liabilities - TL</i>		1.171.750	18.00-21.00
Total		1.171.750	

The Group has no long-term loans during the period. In addition, lease liabilities are amounting to TL 1.171.750.

The movements and reconciliation statement of borrowings are as follows:

Account Name	31 December 2022	31 December 2021
Beginning of the Period – 1 January	173.770.898	186.080.167
Principal and Interest Additions During the Period	250.708.746	266.758.747
Lease Liabilities	4.234.513	2.287.721
Principal and Interest Payments During the Period	(374.479.644)	(283.838.914)
Interest Accrual	2.938.465	2.483.177
End of the Period – 31 December	57.172.978	173.770.898

The redemption schedule of borrowings is as follows:

Account Name	31 December 2022	31 December 2021
0-12 months	54.968.750	172.599.148
13-36 months	2.204.228	1.171.750
Total	57.172.978	173.770.898

NOTE 9 - OTHER FINANCIAL LIABILITIES

None.

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

As of 31 December 2022 and 2021, the breakdown of short-term trade receivables is as follows:

Account Name	31 December 2022	31 December 2021
Trade Receivables	399.215.661	358.695.623
<i>Related parties (Note 37)</i>	13.014	954.098
<i>Third parties</i>	399.202.647	357.741.525
Notes Receivables	52.327.234	30.436.985
Rediscount on Notes Receivables (-)	(3.641.094)	(4.418.169)
Doubtful Trade Receivables	6.017.039	6.371.966
Provision for Doubtful Trade Receivables (-)	(6.017.039)	(6.371.966)
Short-term trade receivables, net	447.901.801	384.714.439

As of 31 December 2022 and 2021, the Group has no long-term trade receivables.

As of 31 December 2022, the portion amounted to **TL 28.179.333** of short term trade receivables in total amount of **TL 447.901.801**, is letters of guarantee given to banks. The remaining portion amounted to **TL 283.787.749** in total amount of **TL 419.722.468** is guarantee in scope of Euler Hermes. As of 31 December 2021, the portion amounted to **TL 15.192.606** of short term trade receivables in total amount of **TL 384.714.439**, is letters of guarantee given to banks.

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The remaining portion amounted to **TL 248.827.760** in total amount of **TL 369.521.833** is guarantee in scope of Euler Hermes. The related disclosures regarding the nature and level of risks on trade receivables included in **Note 38**.

The Group has credit insurance policy from Euler Hermes Sigorta A.Ş. within borders of Turkey for insuring its trade receivables until 31.03.2023 (the payment guarantee for trade receivables is determined between 85% - 90%).

Movements of the provision for doubtful receivables are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Beginning of the Period – 1 January	(6.371.966)	(4.817.103)
Reversals/ collections during the period (-)	354.927	37.659
Increases during the period (-)	-	(1.592.522)
End of the Period – 31 December	(6.017.039)	(6.371.966)

As of 31 December 2022 and 2021, the breakdown of short-term trade payables is as follows:

Account Name	31 December 2022	31 December 2021
Suppliers	235.944.433	146.251.125
<i>Third parties</i>	<i>123.717.369</i>	<i>129.251.900</i>
<i>Related parties (Note 37)</i>	<i>112.227.064</i>	<i>16.999.225</i>
Notes Payable	-	-
Rediscount on Notes Payable (-)	(897.806)	(1.418.084)
Short-term trade payables, net	235.046.627	144.833.041

As of 31 December 2022 and 2021, the Group has no long-term trade payables.

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

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

As of 31 December 2022 and 2021, the breakdown of short-term other receivables is as follows:

Account Name	31 December 2022	31 December 2021
Receivables from Employees	268.762	358.101
Short-term other receivables, net	268.762	358.101

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

As of 31 December 2022 and 2021, the breakdown of short-term other payables is as follows:

Account Name	31 December 2022	31 December 2021
Taxes Payable	1.068.286	536.492
Other Payables to Related Parties (Note 37)	103.037.124	-
Short-term other payables, net	104.105.410	536.492

NOTE 12 - DERIVATIVE INSTRUMENTS

The derivative instruments of the Group included in financial investments measured at fair value in the consolidated financial statements are as follows:

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The foreign exchange contract of the Group is as follows:

Account Name	31 December 2022	31 December 2021
Derivative receivables	-	5.389.259
Total	-	5.389.259

Account Name	31 December 2022	31 December 2021
Derivative payables	947.808	-
Total	947.808	-

As of 31 December 2022, the Group has foreign exchange purchase contract amounted to USD 3.189.400. The contracts have 0-3 month maturities. As of 31 December 2022, the fair value of the contracts are amounted to TL 60.584.166 and appraisal value of TL 947.808 recognised as an expense in the accompanying consolidated financial statements.

As of 31 December 2021, the Group has foreign exchange purchase contract amounted to USD 4.321.400. The contracts have 0-3 month maturities. As of 31 December 2021, the fair value of the contracts are amounted to TL 52.210.682 and appraisal value of TL 5.389.259 recognised as an income in the accompanying consolidated financial statements.

The derivative instruments of the Group included in financial investments measured at fair value in the consolidated financial statements and derivative liabilities are as follows:

Derivative instruments included in current liabilities are as follows:

As of 31 December 2022 and 2021, the Group has no liabilities from derivative instruments.

NOTE 13 – INVENTORIES

As of 31 December 2022 and 2021, the details of inventories are as follows:

Account Name	31 December 2022	31 December 2021
Merchandise	177.645.022	133.771.731
Goods in Transit	27.707.611	10.020.724
Provision for Impairment (-)	(13.642.868)	(3.617.671)
Total	191.709.765	140.174.784

Products and goods that invoiced but not yet reached the loading dock of Datagate accounted for under “Goods in Transit” in the accompanying consolidated financial statements.

Movements of the provision for impairment on inventories are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Beginning of the Period – 1 January	(3.617.671)	(3.972.884)
Reversal of Provisions from Gains on Net		
Realisable Value (+)	-	355.213
Increases during the period (-)(Note 28)	(10.025.197)	-
End of the Period – 31 December	(13.642.868)	(3.617.671)

The provision for inventory impairment is recognised in accordance with the increasing percentages on inventory turnover ratio of merchandise for the period more than 3 months. As of 31 December 2022, the net realisable value of inventories is amounted to **TL 46.468.536** in the consolidated financial statements and the remaining portion is carried at cost in the consolidated financial statements (As of 31 December 2021: **TL 15.119.925**).

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Disclosures	31 December 2022	31 December 2021
Cost	60.111.404	18.737.596
Provision for impairment on inventories	(13.642.868)	(3.617.671)
Net Realisable Value (a)	46.468.536	15.119.925
Carried at Cost (b)	145.241.229	125.054.859
Total Inventories (a+b)	191.709.765	140.174.784

The Group has no carrying amount of inventories pledged as security for liabilities.

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

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

NOTE 14 - BIOLOGICAL ASSETS

None.

NOTE 15 - PREPAID EXPENSES AND DEFERRED INCOME

Short Term:

As of 31 December 2022 and 2021, the breakdown of prepaid expenses is as follows:

Account Name	31 December 2022	31 December 2021
Short Term Prepaid Expenses	1.360.666	1.117.078
Advances Given	41.505.009	20.850.685
Total	42.865.675	21.967.763

As of 31 December 2022 and 2021, the breakdown of deferred income is as follows:

Account Name	31 December 2022	31 December 2021
Short Term Deferred Income	397.740	1.032.777
Advances Received	11.865.487	6.605.573
Total	12.263.227	7.638.350

Long Term:

As of 31 December 2022 and 2021, the Group has no prepaid expenses and deferred income.

NOTE 16 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

None.

NOTE 17 - INVESTMENT PROPERTIES

As of 31 December 2022 and 2021, the movements for investment properties, and related depreciation are as follows:

31 December 2022

Cost

Account Name	Opening balance – 1 January 2022	Additions	Disposals (-)	Closing balance – 31 December 2022
Land	18.280	-	-	18.280
Buildings	234.000	-	-	234.000
Total	252.280	-	-	252.280

Accumulated Depreciation

Account Name	Opening balance – 1 January 2022	Current Period Depreciation	Disposals	Closing balance – 31 December 2022
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Buildings	(19.110)	(4.680)	-	(23.790)
Total	(19.110)	(4.680)	-	(23.790)

Net book value	233.170			228.490
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31 December 2021

Cost

Account Name	Opening balance – 1 January 2021	Additions	Disposals (-)	Closing balance – 31 December 2021
Land	18.280	-	-	18.280
Buildings	234.000	-	-	234.000
Total	252.280	-	-	252.280

Accumulated Depreciation

Account Name	Opening balance – 1 January 2021	Current Period Depreciation	Disposals	Closing balance – 31 December 2021
Buildings	(14.430)	(4.680)	-	(19.110)
Total	(14.430)	(4.680)	-	(19.110)

Net book value	237.850			233.170
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NOTE 18 – PROPERTY, PLANT AND EQUIPMENT

As of 31 December 2022 and 2021, the movements for property, plant and equipment, and related depreciation are as follows:

31 December 2022

Cost

Account Name	Opening balance – 1 January 2022	Additions	Disposals (-)	Closing balance – 31 December 2022
Plant, Machinery and Equipment	4.170	-	-	4.170
Motor Vehicles	3.505	-	-	3.505
Furniture and Fixtures	2.619.383	195.676	(11.700)	2.803.359
Leasehold Improvements	665.557	-	-	665.557
Total	3.292.615	195.676	(11.700)	3.476.591

Accumulated Depreciation

Account Name	Opening balance – 1 January 2022	Current Period Depreciation	Disposals	Closing balance – 31 December 2022
Plant, Machinery and Equipment	(4.170)	-	-	(4.170)
Motor Vehicles	(3.505)	-	-	(3.505)
Furniture and Fixtures	(2.092.972)	(201.666)	2.535	(2.292.103)
Leasehold Improvements	(641.917)	(11.242)	-	(653.159)
Total	(2.742.564)	(212.908)	2.535	(2.952.937)

Net book value	550.051			523.654
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31 December 2021

Cost

Account Name	Opening balance – 1 January 2021	Additions	Disposals (-)	Closing balance – 31 December 2021
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DATAGATE BİLGİSAYAR MALZEMELERİ TİCARET ANONİM ŞİRKETİ

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Plant, Machinery and Equipment	4.170	-	-	4.170
Motor Vehicles	3.505			3.505
Furniture and Fixtures	2.260.506	358.877	-	2.619.383
Leasehold Improvements	665.557	-	-	665.557
Total	2.933.738	358.877	-	3.292.615

Accumulated Depreciation

Account Name	Opening balance – 1 January 2021	Current Period Depreciation	Disposals	Closing balance – 31 December 2021
Plant, Machinery and Equipment	(4.170)	-	-	(4.170)
Motor Vehicles	(3.505)	-	-	(3.505)
Furniture and Fixtures	(1.932.543)	(160.429)	-	(2.092.972)
Leasehold Improvements	(630.673)	(11.244)	-	(641.917)
Total	(2.570.891)	(171.673)	-	(2.742.564)
Net book value	362.847			550.051

Other Information:

Depreciation and amortisation charges on property, plant and equipment are presented under operating expenses (Note 30).

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

The Group has no pledges, mortgages and restrictions on property, plant and equipment.

NOTE 19 – RIGHT OF USE ASSETS

As of 31 December 2022 and 2021, the movements for right of use assets, and related depreciation are as follows:

31 December 2022

Cost

Account Name	Opening balance – 1 January 2022	Additions	Disposals (-)	Closing balance – 31 December 2022
Buildings	1.868.983	244.003	-	2.112.986
Motor Vehicles	2.409.411	3.723.347	(1.706.216)	4.426.542
Total	4.278.394	3.967.350	(1.706.216)	6.539.528

Accumulated Depreciation

Account Name	Opening balance – 1 January 2022	Current Period Depreciation	Disposals (-)	Closing balance – 31 December 2022
Buildings	(983.927)	(504.498)	-	(1.488.425)
Motor Vehicles	(1.321.554)	(1.204.484)	1.349.172	(1.176.866)
Total	(2.305.481)	(1.708.982)	1.349.172	(2.665.291)

Net book value	1.972.913			3.874.237
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31 December 2021

Cost

Account Name	Opening balance – 1 January 2021	Additions	Disposals (-)	Closing balance – 31 December 2021
Buildings	1.715.741	153.242	-	1.868.983
Motor Vehicles	2.199.636	761.111	(551.336)	2.409.411
Total	3.915.377	914.353	(551.336)	4.278.394

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Accumulated Depreciation

Account Name	Opening balance – 1 January 2021	Current Period Depreciation	Disposals (-)	Closing balance – 31 December 2021
Buildings	(588.317)	(395.610)	-	(983.927)
Motor Vehicles	(689.355)	(968.941)	336.742	(1.321.554)
Total	(1.277.672)	(1.364.551)	336.742	(2.305.481)
Net book value	2.637.705			1.972.913

NOTE 20 - INTANGIBLE ASSETS

31 December 2022

Cost

Account Name	Opening balance – 1 January 2022	Additions	Disposals (-)	Transfers	Closing balance – 31 December 2022
Rights	1.934.525	32.027	-	-	1.966.552
Total	1.934.525	32.027	-	-	1.966.552

Accumulated Depreciation

Account Name	Opening balance – 1 January 2022	Current Period Depreciation	Disposals	Transfers	Closing balance – 31 December 2022
Rights	(1.061.158)	(115.749)	-	-	(1.176.907)
Total	(1.061.158)	(115.749)	-	-	(1.176.907)
Net book value	873.367				789.645

31 December 2021

Cost

Account Name	Opening balance – 1 January 2021	Additions	Disposals (-)	Transfers	Closing balance – 31 December 2021
Rights	1.777.025	157.500	-	-	1.934.525
Total	1.777.025	157.500	-	-	1.934.525

Accumulated Depreciation

Account Name	Opening balance – 1 January 2021	Current Period Depreciation	Disposals	Transfers	Closing balance – 31 December 2021
Rights	(958.798)	(102.360)	-	-	(1.061.158)
Total	(958.798)	(102.360)	-	-	(1.061.158)
Net book value	818.227				873.367

Depreciation and amortisation charges on intangible assets are presented under operating expenses (Note 30).

NOTE 21 - EMPLOYEE BENEFITS

As of 31 December 2022 and 2021, the detailed analysis of employee benefits is as follows:

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Account Name	31 December 2022	31 December 2021
SSI Premium Payables	719.190	190.255
Payables to Personnel	-	7.547
Total	719.190	197.802

NOTE 22 - GOVERNMENT GRANTS

None.

NOTE 23 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

i) Provisions

As of 31 December 2022 and 2021, provisions and related movements are as follows:

Account Name	31 December 2022	31 December 2021
Provision for Price Revision	27.170.617	24.045.924
Provision for Lawsuits	54.970	50.509
Total	27.225.587	24.096.433

31 December 2022	Provision for Lawsuits	Provision for Price Revision	Total
Beginning of the Period – 1			
January	50.509	24.045.924	24.096.433
Additions	4.461	27.170.617	27.175.078
Payments During the Period	-	(24.045.924)	(24.045.924)
End of the period – 31			
December	54.970	27.170.617	27.225.587

31 December 2021	Provision for Lawsuits	Provision for Price Revision	Total
Beginning of the Period – 1			21.597.177
January	46.048	21.551.129	24.050.385
Additions	4.461	24.045.924	24.050.385
Payments During the Period	-	(21.551.129)	(21.551.129)
End of the period – 31			24.096.433
December	50.509	24.045.924	

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

ii) Contingent Liabilities and Contingent Assets

31 December 2022

As of 31 December 2022, the provision for lawsuits amounted to **TL 54.970** filed against the Group and the related provisions are reflected to the consolidated financial statements.

31 December 2021

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As of 31 December 2021, the provision for lawsuits amounted to **TL 50.509** filed against the Group and the related provisions are reflected to the consolidated financial statements.

In accordance with TFRS 9, provision for doubtful receivables amounted to **TL 6.017.039** regarding execution proceedings filed by Group and the related provisions are reflected to the consolidated financial statements (31 December 2021: **TL 6.371.966**).

iii) Commitments, mortgages and guarantees not included in the liability

31 December 2022

	TL	USD	EURO
Letters of Guarantee Given	86.539.957	1.000.000	-
TOTAL	86.539.957	1.000.000	-

31 December 2021

	TL	USD	EURO
Letters of Guarantee Given	72.174.957	2.000.000	-
TOTAL	72.174.957	2.000.000	-

iv) Total mortgages and guarantees on assets

None.

v) Total insurance coverage on assets

31 December 2022

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

31 December 2021

Type of Insured Asset	USD	TL
Merchandise	20.000.000	-
Other	-	-
Total	20.000.000	-

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

vi) Ratio of guarantees and mortgages to equity:

As of 31 December 2022 and 2021, the Group's collateral / pledge / mortgage position are as follows:

Collaterals, Pledges, Mortgages Given by the Group	31 December 2022	31 December 2022	31 December 2021	31 December 2021
	Original Currency Amount	TL Equivalent	Original Currency Amount	TL Equivalent
A. Total amount of CPM's given in the name of its own legal personality	-	105.271.957	-	98.880.957
Letters of Guarantee (USD)	1.000.000	18.732.000	2.000.000	26.706.000

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022

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Letters of Guarantee (TL)	-	86.539.957	-	72.174.957
Pledges				
Mortgages	-	-	-	-
B. Total amount of CPM's given on behalf of the fully consolidated companies	-	-	-	-
C. Total amount of CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM's given to on behalf of other companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	-	105.271.957	-	98.880.957

The ratio of other CPM's given by the Group to the equity is 0% (31 December 2021: 0%).

NOTE 24 - COMMITMENTS

None.

NOTE 25 – PROVISIONS FOR EMPLOYEE BENEFITS

<u>Account Name</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Provision for Employment Termination Benefits	3.096.307	1.519.015
Total	3.096.307	1.519.015

Under Turkish Labour Law, Datagate and its subsidiary incorporated in Turkey are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). As of 31 December 2022, the amount payable consists of one month's salary limited to a maximum of TL 19.982,83 (31 December 2021: TL 10.848,59) for each year of service.

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

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As of 31 December 2022 and 2021, the provisions in the accompanying consolidated financial statements are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

As of the 31 December 2022, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 20.00% and an interest rate of 24.00%, resulting in a discount rate of 3.33% (31 December 2021: 3.42%). The estimates on discount rates are reviewed in each balance sheet date and revised, if deemed necessary.

As of 31 December 2022, turnover rate to estimate the probability of retirement is 89.14% (31 December 2021: 89.85%).

Movements in the provision for employment termination benefits are as follows:

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	1 January - 31 December 2022	1 January - 31 December 2021
Beginning of the period – 1 January	1.519.015	1.130.641
Service costs	295.928	160.355
Actuarial gains /(losses)	1.040.527	112.684
Interest costs	364.564	237.435
Payments during the period (-)	(460.065)	(295.709)
Losses on remeasurements of defined benefit plans	336.338	173.609
End of the period – 31 December	3.096.307	1.519.015

The functional breakdown of the provision for employment termination benefits recognised during the period for the years ended 31 December 2022 and 2021 is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
General Administrative Expenses	(996.830)	(571.399)
Other Operating Income/ (Expenses)	-	-
Income / (Expense) Recognised in Profit or Loss	(996.830)	(571.399)
Actuarial Gains/Losses Recognized in Other Comprehensive Income	(1.040.527)	(112.684)
Profit / (Loss) for the Period	(2.037.357)	(684.083)

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Actuarial Gains/Losses Recognized in Other Comprehensive Income	(1.040.527)	(112.684)
Total	(1.040.527)	(112.684)
Tax Effect (20%)	208.105	22.537
Net Amount	(832.422)	(90.147)

NOTE 26 - TAX ASSETS AND LIABILITIES

As of 31 December 2022 and 2021, the Group has no current income tax assets.

The details of current income tax liabilities are disclosed in Note 35.

NOTE 27 - OTHER ASSETS AND LIABILITIES

As of 31 December 2022 and 2021, the breakdown of other current assets is as follows:

Account Name	31 December 2022	31 December 2021
Credit Note Income Accruals (*)	4.352.286	5.844.994
Deferred VAT	8.114.283	10.438.354
Business Cash Advances	19.700	11.000
Other current assets, net	12.486.269	16.294.348

(*) The details are disclosed in Note 2.08.20.

As of 31 December 2022 and 2021, the Group has no other non-current assets.

NOTE 28 - EQUITY

i) Non-Controlling Interests

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Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Beginning of the Period – 1 January	71.028.406	49.872.622
Gains/Losses on Non-Controlling Interests	20.732.041	21.194.479
Gains/Losses on Minority Interests	(368.798)	(38.695)
Total	91.391.649	71.028.406

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

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

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

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

As of 31 December 2022 and 2021, the principal shareholders and their respective shareholding rates in Datagate are as follows:

Shareholders	31 December 2022		31 December 2021	
	Share %	Amount	Share %	Amount
İndeks A.Ş.(*)	59.24%	17.772.688	59.24%	17.772.688
Other (publicly held)	40.76%	12.227.270	40.76%	12.227.270
Other	0.00%	42	0.00%	42
Total share capital	100%	30.000.000	100%	30.000.000

(*) Represent unlisted shares of 49.24%, listed shares of 10% with a total of 59.24%. The ultimate controlling party of the Group is Nevres Erol Bilecik and his family members.

(iii) Share Premium

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

(iv) Accumulated other comprehensive income or expenses not to be reclassified to profit or loss

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

Account Name	31 December 2022	31 December 2021
<i>Beginning of the Period – 1 January</i>	<i>(158.736)</i>	<i>(107.284)</i>
<i>Actuarial Gains and (Losses) (Note 24)</i>	<i>(1.040.527)</i>	<i>(112.684)</i>
<i>Tax Effect (Note 24, Note 35)</i>	<i>208.105</i>	<i>22.537</i>
<i>Actuarial Gains and (Losses) on Non-Controlling Interests</i>	<i>368.798</i>	<i>38.695</i>
Actuarial Gains and (Losses) (Net)	(622.360)	(158.736)
Gains/(losses) on remeasurements of Defined Benefit Plans	(622.360)	(158.736)
Other Gains and Losses	-	-

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Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss, net	(622.360)	(158.736)
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(v) Accumulated other comprehensive income or expenses to be reclassified to profit or loss

Account Name	31 December 2022	31 December 2021
Currency translation differences	1.940.310	1.940.310
Currency translation differences, (net)	1.940.310	1.940.310
Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss, net	1.940.310	1.940.310

Movement of currency translation differences is as follows:

	31 December 2022	31 December 2021
Beginning of the Period – 1 January	1.940.310	1.940.310
End of the Period - 31 December	1.940.310	1.940.310

vi) Restricted Reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group’s historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

(vii) Retained Earnings

Retained earnings comprise of extraordinary reserves and prior years income.

Publicly traded companies have special provision regarding to dividend distribution policy in accordance with the Article 19 of the Capital Market Law No. 6362 and the “Communiqué on Dividends” No. II-19.1 of the Capital Markets Board, which entered into force as of 1 February 2014. In accordance with the Communiqué, corporations have no dividend distribution obligation for shareholders whose shares are traded on the stock exchange and corporations distribute their profits by decisions of the general assembly of shareholders within the framework of their dividend distribution policies to be determined by the general assembly of shareholders and in accordance with provisions of the applicable laws and regulations. In addition, publicly traded companies may distribute dividend advances in cash over their profits shown in their interim period financial statements. The amount of distributable profit based on the companies’ decision, does not exceed the net distributable profit in the statutory accounts, the whole amount should be distributed, and otherwise all distributable amount in the statutory accounts are distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period.

As of 31 December 2022 and 2021, the breakdown of equity items is as follows:

Account Name	31 December 2022	31 December 2021
Paid-in Share Capital	30.000.000	30.000.000
Adjustment to Share Capital	1.241.463	1.241.463
Repurchased Shares (-) (*)	(810.827)	(810.827)
Share Premium	3.229.361	3.229.361
Accumulated Other Comprehensive Income Or Expenses not to Be Reclassified to Profit Or Loss	(622.360)	(158.736)
-Gains/(Losses) on Remeasurements of Defined Benefit Plans	(622.360)	(158.736)

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Accumulated Other Comprehensive Income Or Expenses to Be Reclassified to Profit Or Loss	1.940.310	1.940.310
-Currency Translation Differences	1.940.310	1.940.310
Business Combinations Under Common Control	(11.913.128)	(11.913.128)
Restricted Reserves	10.513.622	10.513.622
- Legal Reserves	9.420.701	9.420.701
- Gains on Sale of Interest in a Subsidiary	1.092.921	1.092.921
Retained Earnings	134.578.841	103.248.744
Profit for the Period	29.033.616	31.330.097
Non-Controlling Interests	91.391.649	71.028.406
Total	288.582.547	239.649.312

(*In accordance with the announcement by Capital Markets Board of Turkey (“CMB”) dated 21.07.2016, it has been determined that the redemption of the shares in the stock exchange without any limit. In this context, with the decision of Board of Directors on 16.05.2018, the amount of the funds allocated for the repurchase is up to TL 5 million, the maximum number of shares shall not exceed this amount. Within this scope, the Group was realised share repurchase of 158,040 outstanding shares corresponding to 0.53% of the Group’s share capital and traded in BİAŞ for an amount of TL 810,827 in 2018. The financing of share buy-back is provided by the Group’s own funds. No gain or loss is recognized in the statement of profit or loss. The amounts received or paid are recognized directly in equity. In accordance with the decision of the General Assembly dated 23.03.2020, the maximum amount of funds for the repurchase of shares increased from TL 5 million to TL 8 million which was announced on 16.05.2018.

NOTE 29 - REVENUE AND COST OF SALES

As of 31 December 2022 and 2021, the breakdown and detailed analysis of revenue and cost of sales are as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Domestic Sales	2.344.501.774	1.940.893.720
Foreign and Other Sales	23.524.042	4.703.185
Sales Returns (-)	(60.402.587)	(51.552.359)
Sales and Other Discounts (-)	(6.530.939)	(1.270.318)
Revenue	2.301.092.290	1.892.774.228
Cost of Goods Sold (-)	(2.145.251.099)	(1.799.954.140)
Gross Profit	155.841.191	92.820.088

Depreciation and amortisation charges are included in operating expenses.

NOTE 30 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES AND GENERAL ADMINISTRATIVE EXPENSES

As of 31 December 2022 and 2021, the breakdown of operating expenses is as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
General Administrative Expenses (-)	(28.335.951)	(19.132.843)
Marketing, Sales and Distribution Expenses (-)	(27.977.663)	(19.032.836)
Total operating expenses	(56.313.614)	(38.165.679)

NOTE 31 - EXPENSES BY NATURE

As of 31 December 2022 and 2021, the functional breakdown of expenses by nature is as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Marketing, Sales and Distribution Expenses and General		

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Administrative Expenses (-)

- Personnel Expenses	(30.286.544)	(19.984.313)
- Transportation, Distribution and Storage Expenses	(11.787.520)	(8.248.465)
- Insurance Expenses	(3.565.487)	(1.763.451)
- Provision for Employment Termination Benefits	(996.831)	(571.399)
- Rent Expenses	(174.418)	(118.366)
- Advertisement and Promotion Expenses	(1.237.794)	(478.757)
- Consultancy and Audit Expenses	(1.502.830)	(801.236)
- Outsourcing Expenses	(837.723)	(425.291)
- Information Systems and Communication Expenses	(194.340)	(126.538)
- Depreciation and Amortisation Charges	(2.042.319)	(1.643.264)
- Maintenance and Repair and Expenses	(1.036.821)	(1.214.302)
- Provision for Doubtful Receivables	-	(1.592.522)
- Other	(2.650.987)	(1.197.775)
Total operating expenses, net	(56.313.614)	(38.165.679)

Fees for Services Received from Independent Auditor/Independent Audit Firms

The Group's disclosure regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19, 2021, the preparation principles which are based on the Board Decision published in the Official Gazette on March 30, 2021, are as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021	
Audit fee for the reporting period	160.080	98.000	NOT E 32 - OTH ER OPE
Tax consulting fee	229.834	140.747	
Other service fee apart from audit	40.000	31.000	
Total	429.914	269.747	

RATING INCOME/(EXPENSES)

As of 31 December 2022 and 2021, the breakdown and detailed analysis of other operating income/expenses are as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Other Operating Income	108.828.535	51.582.726
Provisions no longer required (Doubtful receivables)	354.927	37.659
Interest Income from Sales	48.619.968	29.056.898
Interest and Rediscount Income	5.315.794	3.698.625
Foreign Exchange Gains	54.534.728	18.785.031
Other	3.118	4.513
Other Operating Expenses (-)	(56.032.479)	(37.733.521)
Interest Expenses from Purchases	(20.130.262)	(16.362.105)
Interest and Rediscount Expenses	(5.079.426)	(5.001.771)
Foreign Exchange Losses	(30.647.611)	(16.145.967)
Other (-)	(175.180)	(223.678)
Other operating income/expenses, net	52.796.056	13.849.205

NOTE 33 - GAINS/ (LOSSES) FROM INVESTMENT ACTIVITES

As of 31 December 2022 and 2021, the breakdown of gains/losses from investment activities is as follows:

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Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Gains from investment activities	-	-
Gain on sale of property, plant and equipment and intangible assets	-	-
Losses from investment activities (-)	-	-
Loss on sale of property, plant and equipment and intangible assets (-)	(690)	-
Gains/(losses) from investment activities, net	(690)	-

NOTE 34 - FINANCIAL INCOME / EXPENSE

As of 31 December 2022 and 2021, the breakdown of financial income is as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Interest Income	1.750.753	2.903.251
Foreign Exchange Gains	4.334.349	27.492.651
Financial income, net	6.085.102	30.395.902

As of 31 December 2022 and 2021, the breakdown of financial expenses is as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Bank Fees and Charges and Interest Expenses	(83.901.729)	(29.147.880)
Foreign Exchange Losses	(6.360.729)	(198.624)
Financial expenses, net	(90.262.458)	(29.346.504)

The Group has no capitalised financing costs during the period.

NOTE 35 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

NOTE 36 - INCOME TAXES

The Group's tax expense (or income) consists of current period's corporate tax expense and deferred tax expense (or income) and the functional breakdown of income taxes is as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Current period tax expense	(25.274.955)	(16.948.133)
Deferred tax income/expense	6.895.025	(80.303)
Total tax income/(expense)	(18.379.930)	(17.028.436)

Account Name	31 December 2022	31 December 2021
Current period tax expense	25.274.955	16.948.133
Prepaid taxes (-)	(21.803.194)	(5.751.790)
Current income tax liabilities, net	3.471.761	11.196.343

i) Corporate tax

The Group and its subsidiary incorporated in Turkey are subject to the tax legislation and practices in force in Turkey. Accordingly, provisions for taxes are reflected to the accompanying consolidated financial statements.

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Advance tax in Turkey is calculated and accrued on a quarterly basis. Although, the corporate tax rate is applied as 20%, it was applied as 22% between 2018-2020 due to the temporary rules and regulations. Corporate tax rate of 20% with the added item will be applied as; - 25% for corporate earnings for the 2021 taxation period. - 23% for corporate earnings for the 2022 taxation period. The respective rate increase came into effect on April 22, 2021, starting from the declarations that must be submitted as of July 1, 2021 and to be valid for the corporate earnings for the taxation period starting from January 1, 2021.

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

According to corporate tax law article numbered 20, the corporate tax is imposed by the taxpayer's tax returns. Companies file their corporate tax returns between 1-30 April following the close of the accounting year. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax:

In addition to the corporate tax, it is required to calculate income tax withholding on any dividends, except for those distributed to all taxpayer entities and Turkish branches of foreign companies gaining dividend for such distribution and declaring these dividends within the corporate profit. The rate of income withholding tax implemented as 10% between 24 April 2003 and 22 July 2006. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006. In accordance with the Presidential Decree numbered 4936 published in the Official Gazette on 22.12.2021 and numbered 31697, the withholding tax applicable on dividend payments has been reduced to 10% effective from 22 December 2021.

ii) Deferred Tax:

The deferred tax asset and tax liability is based on the temporary differences, which arise between the consolidated financial statements prepared according to TFRS/TAS and statutory tax financial statements. These differences usually due to the recognition of revenue and expenses in different reporting periods for the TFRS/TAS and tax purposes, the differences explained as below.

Although, the corporate tax rate is applied as 20%, it was applied as 22% between 2018-2020 due to the temporary rules and regulations. Corporate tax rate of 20% with the added item will be applied as; - 25% for corporate earnings for the 2021 taxation period. - 23% for corporate earnings for the 2022 taxation period. The respective rate increase came into effect on April 22, 2021, starting from the declarations that must be submitted as of July 1, 2021 and to be valid for the corporate earnings for the taxation period starting from January 1, 2021. Temporary differences arising from the differences between the years in the income and expenses are recorded for accounting and tax purposes. As of the each reporting date, the Group reviews the deferred tax receivables and withdraws the deferred tax receivables that are determined not to be deductible from taxable income in the following years.

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

Account Name	31 December 2022 Cumulative Temporary Differences	31 December 2022 Deferred tax assets / liabilities	31 December 2021 Cumulative Temporary Differences	31 December 2021 Deferred tax assets / liabilities
Property, Plant and Equipment and Intangible Assets	(489.897)	(97.979)	(489.881)	(97.976)
Rediscount Expenses	54.623.465	10.924.693	34.464.960	7.926.940
Provision for Employment Termination Benefits	3.096.307	619.261	1.519.015	303.803
Provision for Lawsuits	54.970	10.994	50.509	11.617

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Provision for Inventory Impairment	13.642.868	2.728.574	3.617.671	832.064
Rediscount on Notes Payable	(897.806)	(179.561)	(1.418.084)	(326.159)
Derivative Instruments	947.808	189.562	(5.389.259)	(1.239.530)
Inventory Financing	1.383.789	276.758	1.059.073	243.587
Other	1.655.769	331.154	199.912	45.980
Deferred tax assets, net		14.803.456		7.700.326

Movements in deferred tax assets/(liabilities) are as follows:

	31 December 2022	31 December 2021
Beginning of the Period – 1 January	7.700.326	7.758.092
Deferred tax income/expense	6.895.025	(80.303)
Actuarial gains/losses on employment termination benefits	208.105	22.537
End of the Period – 31 December	14.803.456	7.700.326

NOTE 37 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Accordingly, the weighted average number of shares used in earnings per share calculation as of 31 December 2022 and 2021, which is as follows:

Account Name	1 January - 31 December 2022	1 January - 31 December 2021
Profit for the Period	29.033.616	31.330.097
Weighted Average Number of Shares	30.000.000	30.000.000
Earnings Per Share	0.967787	1.044337

NOTE 38 - RELATED PARTY DISCLOSURES

a) Related party balances are as follows:

	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other Payables
31 December 2022				
İndeks A.Ş.	-	-	107.301.836	103.037.124
Desbil A.Ş.	198	-	-	-
Ifz A.Ş.	-	-	1.810.404	-
Neteks Teknoloji A.Ş.	12.816	-	1.236.856	-
İnfin A.Ş.	-	-	294.582	-
Neotech A.Ş.	-	-	-	-
Teklos A.Ş.	-	-	1.583.386	-
Total	13.014	-	112.227.064	103.037.124

	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other Payables
31 December 2021				
İndeks A.Ş.	-	-	15.832.794	-
Neotech A.Ş.	-	-	24.401	-
Ifz A.Ş.	913.938	-	-	-
Neteks Teknoloji A.Ş.	40.160	-	-	-
Teklos A.Ş.	-	-	1.142.030	-
Total	954.098	-	16.999.225	-

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

The Group has interest gains for the account balances on USD, EUR and TL during the period, and the effective annual interest in 2022 is USD 7.00% - 13.00% and EUR 3.00% - 11.50% and TL 21.00% - 37.00% (31 December 2021: (3.15% - 6.50%), (3.00% - 5.00%) and (18.00% - 23.00%), respectively.

b) Related party transactions are as follows:

31 December 2022

Sales	Goods and Services	Common Costs	Interest Income and Foreign Exchange Gains	Total
İndeks A.Ş.	43.482.479	7.393.435	10.135.695	61.011.609
Ifz A.Ş.	-	1.421.539	-	1.421.539
İfin A.Ş.	2.914.580	-	1.250	2.915.830
Neteks Teknoloji A.Ş.	198.798	69.427	3.877	272.102
Desbil A.Ş.	-	-	76.262	76.262
Teklos A.Ş.	153.555	279.382	9.141	442.078
Total	46.749.412	9.163.783	10.226.225	66.139.420

Purchases	Goods and Services	Common Costs	Interest Expenses and Foreign Exchange Losses	Total
İndeks A.Ş.	333.396.492	9.838.189	59.857.676	403.092.357
Ifz A.Ş.	103.986.728	-	13.023	103.999.751
Neteks Teknoloji A.Ş.	430	-	65.829	66.259
İfin	-	254.912	-	254.912
Teklos A.Ş.	12.517.552	1.265.488	389.729	14.172.769
Total	449.901.202	11.358.589	60.326.257	521.586.048

The Group has no letter of guarantee received or given from related parties during the period.

31 December 2021

Sales	Goods and Services	Common Costs	Interest Income and Foreign Exchange Gains	Total
İndeks A.Ş.	3.205.491	1.296.134	4.622.349	9.123.974
Ifz A.Ş.	-	151.399	-	151.399
İfin A.Ş.	658.136	-	5.449	663.585
Neteks Teknoloji A.Ş.	190.378	15.050	22.317	227.745
Teklos A.Ş.	82.590	58.486	20.781	161.857
Total	4.136.595	1.521.069	4.670.896	10.328.560

Purchases	Goods and Services	Common Costs	Interest Expenses and Foreign Exchange Losses	Total
İndeks A.Ş.	93.326.933	6.289.779	21.406.232	121.022.944

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Neteks Teknoloji	2.538	-	495.968	498.506
Ifz A.Ş.	53.041.442	-	-	53.041.442
İfin	-	22.295	52	22.347
Teklos A.Ş.	8.673.040	917.129	115.833	9.706.002
Total	155.043.953	7.229.203	22.018.085	184.291.241

The Group has no letter of guarantee received or given from related parties during the period.

c) Key management compensation

Account Name	31 December 2022	31 December 2021
Key management compensation	11.240.199	7.438.926
Employment termination benefits	-	-
Total	11.240.199	7.438.926

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

NOTE 39 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

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

The capital structure of the Group consists of borrowings includes debts explained in note 8, cash and cash equivalents explained in note 6 and equity items containing respectively issued capital, capital reserves, profit reserves and profits of previous years explained in note 28. 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 Group monitors capital on the basis of the net financial debt/total equity ratio. This ratio calculated as dividing net debt by total capital. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (includes borrowings, finance leases and trade payables as disclosed in the consolidated balance sheet). Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

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

(b) Significant accounting policies

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

(c) Risks

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

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

(c1) Foreign currency risk

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

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The Group management evaluates and monitors the balance of the assets and liabilities denominated in Turkish Lira as open positions. As of 31 December 2022 and 2021, assets and liabilities denominated in foreign currency are as follows:

As of 31 December 2022, if EUR and USD had appreciated by 10% against TL with all other variables held constant, profit before tax would have been TL 12.504.978 higher (31 December 2021: TL 12.771.726). The following table details the Group's foreign currency sensitivity as at 31 December 2022 and 2021 for the changes at the rate of 10%:

Exchange Rate Sensitivity Analysis Table		
Current Period - 31 December 2022		
	Profit / Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
The impact of 10% USD increase in income statement		
1- USD Net Asset / Liability	11.794.746	(11.794.746)
2- Hedged portion of USD Risk (-)		
3- USD Net Effect (1+2)	11.794.746	(11.794.746)
The impact of 10% EURO increase in income statement		
4- EURO Net Asset / Liability	710.232	(710.232)
5- Hedged portion of Euro Risk (-)		
6- EURO Net Effect (4+5)	710.232	(710.232)
The impact of 10% Other currencies increase in income statement		
7- Other currencies Net Asset / Liability	-	-
8- Hedged portion of Other Currencies Risk (-)	-	-
9- Other Currencies Net Effect (7+8)	-	-
Total	12.504.978	(12.504.978)

Exchange Rate Sensitivity Analysis Table		
Prior Period - 31 December 2021		
	Profit / Loss	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency
The impact of 10% USD increase in income statement		
1- USD Net Asset / Liability	12.591.936	(12.591.936)
2- Hedged portion of USD Risk (-)		
3- USD Net Effect (1+2)	12.591.936	(12.591.936)
The impact of 10% EURO increase in income statement		
4- EURO Net Asset / Liability	179.790	(179.790)
5- Hedged portion of Euro Risk (-)		
6- EURO Net Effect (4+5)	179.790	(179.790)
The impact of 10% Other currencies increase in income statement		
7- Other currencies Net Asset / Liability	-	-
8- Hedged portion of Other Currencies Risk (-)	-	-
9- Other Currencies Net Effect (7+8)	-	-
Total	12.771.726	(12.771.726)

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As of 31 December 2022 and 2021, foreign exchange position table of the Group is as follows:

	Foreign Exchange Position Table					
	31 December 2022			31 December 2021		
	TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1. Trade Receivables	68.329.387	3.610.411	41.176	75.776.236	5.658.489	23.480
2a. Monetary Financial Assets	3.731.210	20.268	168.159	13.853.418	1.035.712	3.209
2b. Non-monetary financial assets	948.958	50.751	-	362.349	27.185	-
3. Other	36.782.462	1.311.380	615.096	29.842.687	2.019.927	193.487
4. Total Current Assets (1+2+3)	109.792.017	4.992.810	824.431	119.834.690	8.741.313	220.176
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Total Non-Current Assets(5+6+7)	-	-	-	-	-	-
9. Total Assets (4+8)	109.792.017	4.992.810	824.431	119.834.690	8.741.313	220.176
10. Trade Payables	42.816.734	1.835.249	422.559	47.560.472	3.498.209	56.166
11. Financial Liabilities	-	-	-	-	-	-
12a. Other Monetary Liabilities	1.033.742	35.665	18.310	1.293.487	76.255	18.212
12b. Other Non- Monetary Liabilities	528.128	-	26.445	863.410	34.728	26.445
13. Total Current Liabilities (10+11+12)	44.378.604	1.870.914	467.314	49.717.369	3.609.192	100.823
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-	-	-	-
17. Total Non-Current Liabilities (14+15+16)	-	-	-	-	-	-

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18. Total Liabilities (13+17)	44.378.604	1.870.914	467.314	49.717.369	3.609.192	100.823
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	59.636.358	3.189.400	-	57.599.941	4.321.400	-
19a. Total Asset Amount of Hedged	59.636.358	3.189.400	-	57.599.941	4.321.400	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	125.049.771	6.311.296	357.117	127.717.262	9.453.521	119.353
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	28.210.121	1.759.765	(231.534)	40.775.695	3.119.737	(47.689)
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge						
23. Foreign Exchange Hedged Portion Amount of Assets	60.584.166	3.189.400	-	52.210.682	4.321.400	-
24. Foreign Exchange Hedged Portion Amount of Liabilities	-	-	-	-	-	-
25. Export	6.683.290	-	-	737.641	-	-
26. Import	588.633.717	-	-	416.141.185	-	-

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c2) Credit Risk Details

As of 31 December 2022 and 2021, the exposure of consolidated financial assets to credit risk is as follows:

31 December 2022	Receivables				Notes	Bank Deposits and Reverse Repo	
	Trade Receivables		Other Receivables			Notes	Notes
	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	13.014	447.888.787	-	268.762		7.702.761	
- Maximum risk, secured with guarantees	-	311.967.082	-	-		-	
A. Net book value of neither past due nor impaired financial assets	13.014	447.305.709	-	268.762	10-11	7.702.761	6
B. Net book value of past due but not impaired financial assets	-	4.946.935	-	-		-	
- Secured with guarantees	-	(4.363.857)	-	-		-	
C. Net book value of impaired assets	-	-	-	-	10-11	-	6
- Past due (gross amount)	-	-	-	-		-	
- Impairment (-)	-	6.017.039	-	-	10-11	-	6
- Secured with guarantees	-	(6.017.039)	-	-	10-11	-	6
- Not past due (gross amount)	-	-	-	-	10-11	-	6
- Impairment (-)	-	-	-	-	10-11	-	6
- Secured with guarantees	-	-	-	-	10-11	-	6
D – Off-balance sheet expected credit losses (-)							

31 December 2021	Receivables				Notes	Bank Deposits	
	Trade Receivables		Other Receivables			Notes	Notes
	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	954.098	383.760.341	-	358.101		19.891.285	
- Maximum risk, secured with guarantees	-	264.020.366	-	-		-	
A. Net book value of neither past due nor impaired financial assets	954.098	383.590.994	-	358.101	10-11	19.891.285	6
B. Net book value of past due but not impaired financial assets	-	3.412.601	-	-		-	
- Secured with guarantees	-	(3.243.253)	-	-		-	
C. Net book value of impaired assets	-	-	-	-	10-11	-	6
- Past due (gross amount)	-	-	-	-		-	
- Impairment (-)	-	6.371.966	-	-	10-11	-	6
- Secured with guarantees	-	(6.371.966)	-	-	10-11	-	6
- Not past due (gross amount)	-	-	-	-	10-11	-	6
- Impairment (-)	-	-	-	-	10-11	-	6
- Secured with guarantees	-	-	-	-	10-11	-	6
D – Off-balance sheet expected credit losses (-)							

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

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Analysis of past due trade receivables is as follows:

	Receivables	
	Trade Receivables	Other Receivables
31 December 2022		
Past due up to 1 month	2.809.746	-
Past due 1-3 months	1.655.077	-
Past due more than 3 months	482.112	-
Secured with guarantees	4.363.857	-

	Receivables	
	Trade Receivables	Other Receivables
31 December 2021		
Past due up to 1 month	2.410.148	-
Past due 1-3 months	536.438	-
Past due more than 3 months	466.015	-
Secured with guarantees	3.243.253	-

Credit risk management:

Credit risk management procedures:

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

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

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.

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Trade receivables are evaluated by taking into consideration of the Group's policies and procedures, are presented in the consolidated balance sheet accordingly less provision for doubtful receivables (**Note 10**).

(c3) Interest rate risk

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

Interest Rate Position Table

	31 December 2022	31 December 2021
Fixed Interest Rate Financial Instruments		
Financial Assets	650.392	5.103.072
Financial Liabilities	57.172.978	173.770.898
Floating Interest Rate Financial Instruments		
Financial Assets	-	-
Financial Liabilities	-	-

As of 31 December 2022, in the case of 100 bps rise in the annual interests, with all other variables held constant, profit before tax would have been TL 565.226 lower.

As of 31 December 2021, in the case of 100 bps rise in the annual interests, with all other variables held constant, profit before tax would have been TL 1.686.678 lower.

(c4) Liquidity risk

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

Liquidity risk statements

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

Undiscounted contractual cash flows of the derivative and non-derivative consolidated financial liabilities as of 31 December 2022 and 2021 are as follows:

31 December 2022

	Carrying Value	Total Contractual Cash Outflow	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Non-Derivative Financial Liabilities	396.325.015	400.437.888	395.829.900	1.997.041	2.610.947	-
<i>Bank Borrowings</i>	52.938.465	55.069.168	55.069.168	-	-	-
<i>Lease Liabilities</i>	4.234.513	5.318.877	710.889	1.997.041	2.610.947	-
<i>Trade Payables</i>	235.046.627	235.944.433	235.944.433	-	-	-
<i>Other Payables</i>	104.105.410	104.105.410	104.105.410	-	-	-
<i>Other</i>	-	-	-	-	-	-

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	Carrying Value	Total Contractual Cash Outflow	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Derivative Instruments	(947.808)	(2.167.372)	(2.167.372)	-	-	-
<i>Cash Inflows</i>	59.636.358	59.636.358	59.636.358	-	-	-
<i>Cash Outflows</i>	(60.584.166)	(61.803.730)	(61.803.730)	-	-	-

31 December 2021

	Carrying Value	Total Contractual Cash Outflow	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Non-Derivative Financial Liabilities	319.140.431	338.091.820	335.765.767	1.000.213	1.325.840	-
<i>Bank Borrowings</i>	171.483.177	188.528.162	188.528.162	-	-	-
<i>Lease Liabilities</i>	2.287.721	2.776.041	449.988	1.000.213	1.325.840	-
<i>Trade Payables</i>	144.833.041	146.251.125	146.251.125	-	-	-
<i>Other Payables</i>	536.492	536.492	536.492	-	-	-
<i>Other</i>	-	-	-	-	-	-

	Carrying Value	Total Contractual Cash Outflow	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Derivative Instruments	5.389.259	4.069.676	4.069.676	-	-	-
<i>Cash Inflows</i>	57.599.941	57.599.941	57.599.941	-	-	-
<i>Cash Outflows</i>	(52.210.682)	(53.530.265)	(53.530.265)	-	-	-

(c5) Other risks

Equity securities and other related risks related financial instruments

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

NOTE 40 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING)

Financial risk management

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

Fair value of financial instruments

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

The Group determined fair value of financial instruments by using available market information and appropriate

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valuation methods. However, evaluating the market information and forecasting the real values requires interpretation. As a result, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

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

Financial assets

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

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

Financial liabilities

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

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

Fair value estimation:

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

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

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

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

The fair values of financial assets and liabilities denominated in foreign currencies are considered to approximate their respective carrying values.

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, are considered to approximate their respective carrying values.

NOTE 41 - EVENTS AFTER THE REPORTING PERIOD

None.

NOTE 42 - THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.

