DATAGATE BİLGİSAYAR MALZEMELERİ
TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023
TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE 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 2023

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2022
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited current period	***Audited prior period***
	Notes	**31 December 2023**	**31 December 2022**
ASSETS			
Current Assets		**1.614.888.832**	**1.193.837.774**
Cash and Cash Equivalents	6	14.118.805	28.307.487
Financial Investments	7	-	-
Trade Receivables	10	1.185.345.440	738.021.234
Related Parties	*10-37*	-	*21.443*
Third Parties	*10*	*1.185.345.440*	*737.999.791*
Other Receivables	11	544.583	442.847
Related Parties	*11-37*	*117.600*	-
Third Parties	*11*	*426.983*	*442.847*
Derivative Instruments	12	-	-
Inventories	13	359.522.332	335.751.218
Prepaid Expenses	15	42.929.590	70.740.988
Current Income Tax Assets	25	-	-
Other Current Assets	26	12.428.082	20.574.000
Non-Current Assets		**57.811.547**	**42.844.087**
Trade Receivables	10	-	-
Third Parties	*10*	-	-
Investment Properties	17	2.462.795	2.311.765
Property, Plant and Equipment	18	1.097.739	1.617.214
Right of Use Assets	18	5.311.816	9.281.746
Intangible Assets	19	5.654.486	4.629.916
Other Intangible Assets	*19*	*5.654.486*	*4.629.916*
Deferred Tax Assets	35	43.284.711	25.003.446
TOTAL ASSETS		**1.672.700.379**	**1.236.681.861**

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2022
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	*Audited* *current period* 31 December 2023	*Audited* *prior period* 31 December 2022
LIABILITIES			
Current Liabilities		**1.344.238.014**	**725.481.246**
Short-Term Borrowings	8	2.395.658	90.573.659
Short-Term Portion of Long-Term Borrowings	8	-	-
Trade Payables	10	1.133.242.063	387.293.389
Related Parties	*10-37*	*103.207.756*	*184.919.901*
Third Parties	*10*	*1.030.034.307*	*202.373.488*
Employee Benefits	20	1.587.250	1.185.031
Other Payables	11	113.674.354	171.537.607
Related Parties	*11-37*	*109.781.925*	*169.777.360*
Third Parties	*11*	*3.892.429*	*1.760.247*
Derivative Instruments	12	-	1.561.732
Deferred Income	15	49.482.276	20.362.942
Current Income Tax Liabilities	35	6.100.770	5.720.525
Short-Term Provisions	22	37.755.643	47.246.361
Other-Short Term Provisions	*22*	*37.755.643*	*47.246.361*
Non-Current Liabilities		**3.834.217**	**8.733.853**
Long-Term Borrowings	8	1.044.704	3.631.973
Long-Term Provisions for Employee Benefits	24	2.789.513	5.101.880
EQUITY	27	**324.628.148**	**502.466.762**
Equity Holders of the Parent	27	**209.437.240**	**346.937.081**
Paid-in Share Capital		30.000.000	30.000.000
Adjustment to Share Capital		249.244.797	249.244.797
Treasury Shares (-)		(4.644.913)	(4.644.913)
Share Premium		38.145.360	38.145.360
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss		(943.423)	(763.927)
Gains/(losses) on revaluation and remeasurements		*(943.423)*	*(763.927)*
Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss		-	-
Currency translation differences		-	-
Restricted Reserves		74.522.638	74.522.638
Retained Earnings		(39.566.874)	87.784.019
Profit for the Period		(137.320.345)	(127.350.893)
Non-Controlling Interests	27	**115.190.908**	**155.529.681**
TOTAL LIABILITIES AND EQUITY		**1.672.700.379**	**1.236.681.861**

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

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

	Notes	*Audited current period* 1 January 2023 31 December 2023	*Audited prior period* 1 January 2022 31 December 2022
PROFIT OR LOSS			
Revenue	28	5.151.007.299	4.393.335.717
Cost of Sales (-)	28	(4.847.052.345)	(4.105.723.661)
GROSS PROFIT/(LOSS) FROM OPERATING ACTIVITIES		**303.954.954**	**287.612.056**
GROSS PROFIT/(LOSS)		**303.954.954**	**287.612.056**
General Administrative Expenses (-)	29	(84.381.409)	(56.398.145)
Marketing, Sales and Distribution Expenses (-)	29	(68.614.467)	(53.586.898)
Other Operating Income	31	531.868.818	207.731.995
Other Operating Expenses (-)	31	(496.263.758)	(106.674.017)
OPERATING PROFIT/(LOSS)		**186.564.138**	**278.684.991**
Gains from Investment Activities	32	151.030	426.802
Losses from Investment Activities (-)	32	-	(1.137)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		**186.715.168**	**279.110.656**
Financial Income	33	62.564.808	11.592.665
Financial Expenses (-)	33	(261.004.470)	(172.739.382)
Net Monetary Position Gains/(Losses)		(167.330.215)	(258.513.161)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**(179.054.709)**	**(140.549.222)**
Tax income/(expense)		**1.314.433**	**(29.606.275)**
- Current period tax expense	35	(26.763.019)	(41.646.302)
- Deferred income tax	35	28.077.452	12.040.027
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(177.740.276)**	**(170.155.497)**
PROFIT/(LOSS) FOR THE PERIOD		**(177.740.276)**	**(170.155.497)**
Attributable to		**(177.740.276)**	**(170.155.497)**
Non-Controlling Interests	27	(40.419.931)	(42.804.604)
Equity Holders of the Parent	27	(137.320.345)	(127.350.893)
Earnings Per Share	36	**(4.577345)**	**(4.245030)**
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss		**(98.338)**	**(1.371.607)**
Gains/(losses) on remeasurements of defined benefit plans	24	(131.117)	(1.714.508)
Taxes relating to other comprehensive income not to be reclassified to profit or loss		32.779	342.901
- Deferred income tax	35	32.779	342.901
Items to be reclassified to profit or loss		-	-
Currency translation differences		-	-
Gains/(losses) on cash flow hedges		-	-
OTHER COMPREHENSIVE INCOME/(LOSS)		**(98.338)**	**(1.371.607)**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(177.838.614)**	**(171.527.104)**
Attributable to		**(177.838.614)**	**(171.527.104)**
Non-Controlling Interests		(40.338.773)	(43.412.284)
Equity Holders of the Parent		(137.499.841)	(128.114.820)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

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

							Items not to be reclassified to profit or loss		Items to be reclassified to profit or loss	Retained Earnings					
Audited Current Period	**Notes**	**Paid-in share capital**	**Adjustment to Share Capital (**	**Treasury shares**	**Share Premium**	**Business combinations under common control**	**Gains/(losses) on revaluation and remeasurements**	**Other Gains/(Losses)**	**Currency Translation Differences**	**Restricted Reserves**	**Prior Years' Income**	**Profit for the Period**	**Equity holders of the parent**	**Non-Controlling Interests**	**Total Equity**
Balances at 1 January 2023 (Beginning of the period)	**27**	**30.000.000**	**249.244.797**	**(4.644.913)**	**38.145.360**	**-**	**(763.927)**	**-**	**-**	**74.522.638**	**87.784.019**	**(127.350.893)**	**346.937.081**	**155.529.681**	**502.466.762**
Transfers		-	-	-	-	-	-	-	-	-	*(127.350.893)*	*127.350.893*	-	-	-
Total Comprehensive Income		-	-	-	-	-	**(179.496)**	-	-	-	-	**(137.320.345)**	**(137.499.841)**	**(40.338.773)**	**(177.838.614)**
Profit for the period		-	-	-	-	-	-	-	-	-	-	*(137.320.345)*	*(137.320.345)*	*(40.419.931)*	*(177.740.276)*
Other Comprehensive Income		-	-	-	-	-	(179.496)	-	-	-	-	-	(179.496)	81.158	(98.338)
Capital increases		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combinations under common control		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease from treasury shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at 31 December 2023 (End of the period)	**27**	**30.000.000**	**249.244.797**	**(4.644.913)**	**38.145.360**	**-**	**(943.423)**	**-**	**-**	**74.522.638**	**(39.566.874)**	**(137.320.345)**	**209.437.240**	**115.190.908**	**324.628.148**
Audited Prior Period															
Balances at 1 January 2022 (Beginning of the period)	**27**	**30.000.000**	**249.244.797**	**(4.644.913)**	**38.145.360**	**-**	**-**	**-**	**-**	**74.522.638**	**87.784.019**	**-**	**475.051.901**	**198.941.965**	**673.993.866**
Transfers		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income		**-**	**-**	**-**	**-**	**-**	**(763.927)**	**-**	**-**	**-**	**-**	**(127.350.893)**	**(128.114.820)**	**(43.412.284)**	**(171.527.104)**
Profit for the period		-	-	-	-	-	-	-	-	-	-	*(127.350.893)*	*(127.350.893)*	*(42.804.604)*	*(170.155.497)*
Other Comprehensive Income		-	-	-	-	-	(763.927)	-	-	-	-	-	(763.927)	(607.680)	(1.371.607)
Capital increases		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business combinations under common control		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease from treasury shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at 31 December 2022 (End of the period)	**27**	**30.000.000**	**249.244.797**	**(4.644.913)**	**38.145.360**	**-**	**(763.927)**	**-**	**-**	**74.522.638**	**87.784.019**	**(127.350.893)**	**346.937.081**	**155.529.681**	**502.466.762**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

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

	Notes	Audited current period 01.01.2023-31.12.2023	Audited prior period 01.01.2022-31.12.2022
A) CASH FLOWS FROM OPERATING ACTIVITIES		**162.961.338**	**275.527.990**
Profit for the Period		(177.740.276)	(170.155.497)
Adjustments to reconcile profit for the period to cash generated from operating activities		**76.421.884**	**178.302.304**
Depreciation and amortisation	17-18-19	10.179.271	5.990.641
Adjustments for impairment loss/(reversal of impairment loss)		**2.733.623**	**18.621.182**
Adjustments for receivables impairment (reversal)	10	742.921	(584.824)
Adjustments for inventory impairment (reversal)	13	1.990.702	19.206.006
Adjustments for provisions		**11.871.704**	**7.319.650**
Adjustments for provisions for employee benefits (reversal)	24	2.799.944	1.642.508
Adjustments for provisions for lawsuits and penalties	22	-	7.351
Adjustments for other provisions (reversal)	22	9.071.760	5.669.791
Adjustments for interest income/expense		**53.044.562**	**110.916.673**
Adjustments for interest income	31-33	(292.939.237)	(96.186.461)
Adjustments for interest expenses	31-33	400.754.006	198.784.877
Deferred Financial Expense from Term Purchases	10	(19.397.154)	2.359.024
Unrealised Financial Income from Term Sales	10	(35.373.053)	5.959.233
Adjustments for fair value gains/(losses)		**(151.030)**	**(426.802)**
Investment properties		(151.030)	(426.802)
Adjustments for tax income/expense	35	**(1.314.433)**	**29.606.274**
Other adjustments to reconcile profit for the period	26	**58.187**	**6.274.686**
Changes in Working Capital		**66.325.083**	**96.386.882**
Adjustments for Gains/(Losses) on Trade Receivables	10	(702.813.507)	(109.490.121)
Adjustments for Gains/(Losses) on Other Receivables Related to Operations	11	(275.821)	147.207
Changes in inventories	13	(157.747.115)	(111.212.439)
Adjustments for Gains/(Losses) on Trade Payables	10	917.592.582	146.288.622
Adjustments for Gains/(Losses) on Other Payables Related to Operations	11	9.568.944	170.653.613
Cash flows from Operating Activities		**(34.993.309)**	**104.533.689**
Adjustments for gains (losses) in payables due to employee benefits	24	(3.237.855)	(758.063)
Income Taxes Refund/Paid	35	(24.134.010)	(54.374.327)
Other Cash Inflows/(Outflows)		225.326.512	226.126.691
B) CASH FLOWS FROM INVESTING ACTIVITIES		**(2.101.777)**	**(407.524)**
Cash outflows from acquisition of interests or debt instruments		-	-
Cash inflows from sale of property, plant and equipment and intangible assets	18-19	**-**	**24.156**
Cash inflows from sale of property, plant and equipment		-	24.156
Cash inflows from sale of intangible assets		-	-
Cash outflows from purchase of property, plant and equipment and intangible assets	18-19	**(2.101.777)**	**(431.680)**
Cash outflows from purchase of property, plant and equipment	18	(221.189)	(370.355)
Cash outflows from purchase of intangible assets	19	(1.880.588)	(61.325)
Cash outflows from purchase of investment properties	17	-	-
C) CASH FLOWS FROM FINANCING ACTIVITES		**(175.097.677)**	**(309.596.045)**
Cash inflows from borrowings	8	**5.317.573**	**413.100.322**
Cash inflows from loans	8	5.317.573	413.100.322
Cash outflows from repayments of borrowings	8	**(62.490.551)**	**(617.041.344)**
Cash outflows from loan repayments	8	(62.490.551)	(617.041.344)
Cash outflows from payments of lease liabilities	8	(5.218.699)	(3.844.581)
Dividends paid		-	-
Interest paid	32-33	(112.706.000)	(101.810.442)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(14.238.116)**	**(34.475.579)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(14.238.116)**	**(34.475.579)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERİOD	6	28.367.916	62.843.495
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	14.129.800	28.367.916

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

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi ("the Company" or "Datagate") was established in 1992 in Turkey. Datagate's business activities include ensuring telecom activities and operations.

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 2023 and 2022, 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 Anonim Şirketi 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 Anonim Şirketi 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 2023 and 2022, 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 Anonim Şirketi	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 73 (31 December 2022: 67). 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".

2.01 Basis of presentation

Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi 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. TFRS has been updated through communiqués to ensure conformity with the changes in International Financial Reporting Standards ("IFRS").

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

In addition, the accompanying consolidated financial statements as of and for the year ended 31 December 2023 have been prepared in accordance with the "TAS Taxonomy" published by the POA on the basis of sub-paragraph (b) of Article 9 of the Statutory Decree numbered 660 ("Decree"), approved by the Board decision on 2 June 2016 numbered 30 and the "Announcement regarding to TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information including amendments regarding TFRS 15 "Revenue from Contracts with Customers" and TFRS 16 "Leases" standards and current TAS taxonomy published as "TFRS 2022", which was published on 4 October 2022.

These consolidated financial statements as of and for the year ended 31 December 2023 have been approved for issue by the Board of Directors ("BOD") on 16 May 2024. These consolidated 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 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 CMB's decision on 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

The Group has prepared the consolidated financial statements as of 31 December 2023 and for the annual reporting period ending on the same date by applying TAS 29 "Financial Reporting in Hyperinflation Economies" according to the announcement made and "Implementation Guide on Financial Reporting in Hyperinflation Economies" published by the Public Oversight Accounting and Auditing Standards Authority ("POA") on 23 November 2023. In accordance with the standard, financial statements prepared in the currency of a hyperinflationary economy have to be prepared on purchasing power on reporting date and comparative period information is expressed in terms of current measurement unit at the end of the reporting period. The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT):

Date	Index	Adjustment coefficient
31 December 2023	1.859,38	1.00000
31 December 2022	1.128,45	1.64773
31 December 2021	686,95	2.70672

The Group has prepared the consolidated financial statements as of 31 December 2023 and for the annual reporting period ending on the same date by applying TAS 29 "Financial Reporting in Hyperinflation Economies" according to the announcement made and "Implementation Guide on Financial Reporting in Hyperinflation Economies" published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). In accordance with the standard, financial statements prepared in the currency of a hyperinflationary economy have to be prepared on purchasing power on reporting date and comparative period information is expressed in terms of current measurement unit at the end of the reporting period. Therefore, the Group has presented the consolidated financial statements as of 31 December 2022 effective from the opening balances of 1 January 2022 on the basis of purchasing power as of 31 December 2023. However, it is not necessary to present the opening statement of financial position during the period according to the aforementioned communique.

In accordance with the aforementioned standard, the consolidated financial statements prepared based on the currency of a hyperinflationary economy are prepared in the purchasing power of the currency at the balance sheet date, and comparative information is expressed in terms of the current measurement unit at the end of the reporting period for the purpose of comparison in the consolidated financial statements of the prior period. Therefore, the Group has presented its consolidated financial statements as of and for the year ended 31 December 2022 on the basis of purchasing power as of 31 December 2023.

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 statement of financial position and profit or loss 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.

2.04 Comparatives and adjustment of prior period's 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 recognised in the statement of financial position 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 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".

The investment properties are carried at fair value in the accompanying consolidated financial statements. The Group has no capitalised financing costs in accordance with TAS 23 included in investment properties (Note 17).

2.07 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.

The Group realised changes in accounting policy regarding its investment properties carried at cost. Accordingly, the Group recognised its investment properties at fair value during the reporting period. Due to the change in accounting policy, the prior period consolidated financial statements are adjusted. As a result of the change in accounting policy, there incurs a net increase amounting to TL 76.118 in the equity of the opening consolidated financial statement for the year ended 31 December 2021, and a net increase amounting to TL 504.734 in the equity for the year ended 31 December 2023.

The Group has no changes in accounting policies except for the aforementioned disclosures.

2.08 Changes in Accounting Estimates and Errors

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

The nature and amount of a change in the accounting estimate, which has a material influence on the outcome of the current period or is expected to have a material influence 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.

In accordance with the amendment on TAS 19, actuarial gains/losses on employment termination benefits are accounted for profit or loss in the prior period, are accounted for other comprehensive income in the current period.

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 statement of profit or loss and in the carrying value of assets and liabilities in the consolidated statement of financial position, and in the disclosure of information in the notes to the 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 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 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 estimates during the period **(Note 18-19)**.
- On the provision for lawsuits, 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 2023 and 2022. 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)**.

2.09 Summary of Significant Accounting Policies

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

2.09.01 Revenue Recognition

Revenue is recognized when the amount of income can be measured 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 element in sales, the fair value is determined by reducing the future cash flows with the hidden interest rate recognized in the consolidated financial statements. The difference is reflected in the consolidated financial statements on accrual basis.

2.09.02 Inventories

Inventories are valued at the lower of cost or net realisable value. The Group's inventories include mobile devices, top-up, sim cards, information technologies and consumer electronics products. 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)**.

2.09.03 Property, plant and equipment and related depreciation

Property, plant and equipment are carried as costs adjusted for the effects of inflation, less accumulated depreciation as of 31 December 2023. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Economic useful lives (year)
- Machinery and equipment	5
- Furniture and fixtures	4-5
- Motor vehicles	2-5
- Leasehold improvements	5

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Provision for impairment has not been calculated for property, plant and equipment.

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 operating profit in the current period.

Repairs and maintenance expenses are charged to the statement of profit or loss during the period in which they are incurred. Machinery and equipment are capitalised and amortised when their capacity is fully available for use.

2.09.04 Intangible assets and related amortisation

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

Intangible assets are carried as costs adjusted for the effects of inflation, less accumulated depreciation as of 31 December 2023.

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.

2.09.05 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.

2.09.06 Research and Development Costs

None.

2.09.07 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Borrowing costs that are not in this scope are recognised directly in the income statement. 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.

2.09.08 Financial Instruments

i. Financial Asset and Liabilities-Classification and Measurement

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

a) Financial instruments measured at amortised cost

b) Debt instruments at fair value (“FV”) through other comprehensive income;

c) Equity instruments at fair value (“FV”) through other comprehensive income

d) Financial instruments at fair value (“FV”) through profit or loss

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 financial asset 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 led 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 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 financial statements.

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

ii. Impairment of Financial Assets

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

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

The provisions for trade receivables, other receivables, other assets and contractual assets are always measured at an amount equal to the expected credit losses for life.

When determining whether the credit risk in a financial asset has increased substantially since its adoption in the 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 material influence on the expected future cash flow of the financial asset. It includes observable data that has come to the attention of the holder of a financial asset about following events:

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

Presentation

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

Derecognition

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

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

2.09.09 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 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 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 statement of profit or loss. The Group sells goods in terms of foreign currency denominated purchases goods. Therefore, the Group has no foreign exchange risk during the period.

2.09.10 Earnings Per Share

Earnings per share disclosed in the consolidated statement of profit or loss 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.

2.09.11 Events After the Reporting Period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue and those events are disclosed in the accompanying consolidated financial statements. The two types of events are those that provide evidence of conditions that existed at the end of the reporting period (adjusting events); and those that are indicative of conditions that arose after the reporting period (non-adjusting events). The Group adjusts the amounts recognised in its financial statements to reflect adjusting events, but it does not adjust those amounts to reflect non-adjusting events.

2.09.12 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 allocated 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.

2.09.13 Leases

<u>Group - as a lessee</u>

Finance Leases

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

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

For operating leases, the lease payments should be recognized as an expense in the statement of profit or loss 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 lease expense over the lease term.

TFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. TFRS 16 standard, in the liabilities of the "Lease Liability" amount calculated as the present value of the lease payments to be made during the lease term for the lease agreements with a maturity of more than 12 months and "Right of Use Assets" (Note 18) requires an amount equal to the lease liabilities to be recognized in the assets of financial position statement. The amount recognized as "Right of Use Assets" is subject to depreciation according to the lease term and adjusted for the inflation effect on 31 December 2023.

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

The 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" in depreciating the right-of-use asset.

Lease liability

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

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

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

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

Group - as a lessor

Operating Leases

The lease process, where a significant part of the property risks and returns belong to the lessor, is classified as an operating lease. Lease payments is recognised in the consolidated statement of income as an expense on a straight-line basis over the lease term.

2.09.14 Related Parties

For the purpose of these consolidated financial statements, shareholders, parents of Datagate Bilgisayar Malzemeleri Ticaret Anonim Şirketi, 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, are considered and expressed as "related parties". The detailed analysis of related parties has been disclosed under Note 37.

2.09.15 Government Grants

None.

2.09.16 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 statement of profit or loss 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 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 statement of profit or loss. 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.

2.09.17 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.

2.09.18 Statement of cash flow

Cash and cash equivalents are carried at cost in the consolidated statement of financial position. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. 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 (property, plant and equipment, intangible assets and financial assets).

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

2.09.19 Income Accruals

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

2.09.20 Waranty Provisions

The Group acts as the distributor company of information technology products in Türkiye. The guarantees of the products sold are given by companies appointed by the manufacturers. The products that purchased are under warranty that delivered from dealers and are sent to manufacturers or companies appointed by manufacturers for repair and maintenance. For products that required to be replaced under warranty after repair and maintenance, the replaced products are given to customers and the amount is invoiced to the manufacturers. The Group has no provision for warranty during the annual reporting periods.

2.10 New and Revised Turkish Financial Reporting Standards

New and revised standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/TFRS and TFRS interpretations effective as of 1 January 2023 and thereafter. 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 and interpretations to the existing previous standards which are effective from 31 December 2023 are as follows:

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

In January 2020, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments effective from 1 1 January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted.

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

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, 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 start of the effective date. Earlier application is permitted.

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

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

In August 2021, 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 judgement (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 judgement 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 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 amendments do not have a significant material influence on the financial position or performance of the Group.

Amendment to TAS 12 - International tax reform - pillar two model rules

The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. The amendments do not have a significant material influence on the financial position or performance of the Group.

Standards and amendments issued but not yet effective and not early yet adopted as of 31 December 2023

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 amendments if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendment to TAS 1 – Non-current liabilities with covenants

The amendment is effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

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

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements

The amendment is effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Amendments to TFRS 16 - Leases on sale and leaseback
The standard is effective from annual periods beginning on or after 1 January 2024. The amendments include requirements for sale and leaseback transactions in TFRS 16 to explain 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.

TFRS S1, 'General requirements for disclosure of sustainability-related financial information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TFRS S2, 'Climate-related disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

NOTE 3 - BUSINESS COMBINATIONS

As of 31 December 2023 and 2022, the Group has no business combinations under common control and relevant transactions.

NOTE 4 - DISCLOSURE OF INTERESTS IN OTHER ENTITIES

As of 31 December 2023 and 2022, the Group has no interests in subsidiaries, joint arrangements, associates and unconsolidated "structured entities".

NOTE 5 – OPERATING SEGMENTS

Since the Group is engaging in the IT products and consumables, the Group does not exercise reportable segments at the end of the period.

NOTE 6 – CASH AND CASH EQUIVALENTS

As of 31 December 2023 and 2022, the breakdown and detailed analysis of cash and cash equivalents are as follows:

Account Name	**31 December 2023**	**31 December 2022**
Cash on hand	135.098	232.406
Banks	8.644.448	11.620.400
- Demand deposit	*8.644.448*	*11.620.400*
Time deposit (Reverse repurchase agreements)	2.668.242	1.071.670
Credit card slips	2.671.017	15.383.011
Cash and cash equivalents, net	**14.118.805**	**28.307.487**

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

As of 31 December 2023, the reverse repurchase agreements and time deposits have maturity of 4 days and the Group has interest income accrued amounting to TL 8.242 arising from reverse repurchase agreements and time deposits. The annual effective interest rate of reverse repurchase agreements is 46.075% denominated in TL. The maturity of credit card slips is between 1-29 days and the Group has interest expense accrued amounting to TL 19.237 arising from credit card slips. The annual effective interest rate of credit card slips is 43.63%. Accordingly, the Group has net interest expense accrued amounting to TL 10.995.

As of 31 December 2022, the reverse repurchase agreements and time deposits have maturity of 3 days and the Group has interest income accrued amounting to TL 646 arising from reverse repurchase agreements and time deposits. The annual effective interest rate of reverse repurchase agreements is 11.62% denominated in TL. The maturity of credit card slips is between 1-32 days and the Group has interest expense accrued amounting to TL 61.075 arising from credit card slips. The annual effective interest rate of credit card slips is 11.75%. Accordingly, the Group has net interest expense accrued amounting to TL 60.430.

The cash and cash equivalents is presented in the consolidated statement of cash flows less interest accruals.

Cash and cash equivalents	**31 December 2023**	**31 December 2022**
Cash and cash equivalents	14.118.805	28.307.487
Interest income (-) / Accrued expenses (+)	10.995	60.429
Total	**14.129.800**	**28.367.916**

As of 31 December 2023 and 2022, the Group has no blocked or pledged deposits presented under cash and cash equivalents.

NOTE 7 - FINANCIAL INVESTMENTS

None.

NOTE 8 – BORROWINGS

As of 31 December 2023 and 2022, the breakdown of short-term borrowings is as follows:

Account Name	**31 December 2023**	**31 December 2022**
Bank borrowings	-	87.228.297
Lease liabilities	2.395.658	3.345.362
Short-term borrowings, net	**2.395.658**	**90.573.659**

As of 31 December 2023 and 2022, the details of short-term borrowings are as follows:

31 December 2023

Type	**Original currency amount**	**TL equivalent**	**Annual effective interest rate (%)**
Short-term borrowings			
Loans - TL		-	-
Lease liabilities - TL		*2.395.658*	*18.00-21.00*
Total		**2.395.658**	

31 December 2022

Type	**Original currency amount**	**TL equivalent**	**Annual effective interest rate (%)**
Short-term borrowings			
Loans - TL		87.228.297	*41.48*
Lease liabilities - TL		3.345.362	*18.00-21.00*
Total		**90.573.659**	

As of 31 December 2023 and 2022, the details of long-term borrowings are as follows:

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

As of 31 December 2023 and 2022, the breakdown of long-term borrowings is as follows:

Account Name	31 December 2023	31 December 2022
Lease liabilities	1.044.704	3.631.973
Long-term borrowings, net	**1.044.704**	**3.631.973**

31 December 2023

Type	Original currency amount	TL equivalent	Annual effective interest rate (%)
Long-term borrowings			
Lease liabilities - TL		*1.044.704*	*18.00-21.00*
Total		**1.044.704**	

31 December 2022

Type	Original currency amount	TL equivalent	Annual effective interest rate (%)
Long-term borrowings			
Lease liabilities - TL		*3.631.973*	*18.00-21.00*
Total		**3.631.973**	

The movement of borrowings is as follows:

Account Name	31 December 2023	31 December 2022
Beginning of the period – 1 January	94.205.632	470.350.220
Additions	5.317.573	413.100.322
Lease liabilities	3.440.362	6.977.334
Payments during the period	(62.490.551)	(617.041.344)
Interest accruals	-	4.841.798
Adjustments for inflation	(37.032.654)	(184.022.698)
End of the period – 31 December	**3.440.362**	**94.205.632**

The maturity analysis of borrowings is as follows:

Account Name	31 December 2023	31 December 2022
0-12 months	2.395.658	90.573.659
13-36 months	1.044.704	3.631.973
Total	**3.440.362**	**94.205.632**

NOTE 9 - OTHER FINANCIAL LIABILITIES

None.

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

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

As of 31 December 2023 and 2022, the functional breakdown of short-term trade receivables is as follows:

Account Name	**31 December 2023**	**31 December 2022**
Trade Receivables	1.185.337.930	657.799.621
Related parties (Note 37)	-	*21.443*
Third parties	*1.185.337.930*	*657.778.178*
Notes receivables	41.380.103	86.221.153
Discount on notes receivables (-)	(41.372.593)	(5.999.540)
Doubtful trade receivables	6.759.969	9.914.456
Provision for doubtful trade receivables (-)	(6.759.969)	(9.914.456)
Short-term trade receivables, net	**1.185.345.440**	**738.021.234**

As of 31 December 2023 and 2022, the Group has no long-term trade receivables.

As of 31 December 2023, short-term trade receivables amounted to TL 37.642.395 in total amount of TL 1.185.345.440, is in under scope of guarantee (including guarantees in scope of Euler Hermes). The Group obtained collateral for the amount of TL 917.684.597 regarding the remaining amount of TL 1.147.703.045. The related explanations regarding the nature and level of risks on trade receivables are disclosed in Note 38.

As of 31 December 2022, short-term trade receivables amounted to TL 46.431.932 in total amount of TL 738.021.234, is in under scope of guarantee (including guarantees in scope of Euler Hermes). The Group obtained collateral for the amount of TL 467.605.588 regarding the remaining amount of TL 691.589.302. The related explanations regarding the nature and level of risks on trade receivables are disclosed in Note 38.

The Group has credit insurance policy from Euler Hermes Sigorta Anonim Şirketi within borders of Turkey for the insurance of its trade receivables until 31 March 2025 (the payment guarantee insurance for trade receivables is determined as 85%-90%).

Movements of the provision for doubtful receivables are as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Beginning of the period – 1 January	(9.914.456)	(17.247.167)
Reversals / Collections during the period (-)	10.896	584.824
Increases during the period (-)	(753.817)	-
Adjustments for inflation	3.897.408	6.747.887
End of the period – 31 December	**(6.759.969)**	**(9.914.456)**

As of 31 December 2023 and 2022, the functional breakdown of short-term trade payables is as follows:

Account Name	**31 December 2023**	**31 December 2022**
Suppliers	1.154.118.559	388.772.731
Third parties	*1.050.910.803*	*203.852.830*
Related parties (Note 37)	*103.207.756*	*184.919.901*
Notes payable	-	-
Discount on notes payable (-)	(20.876.496)	(1.479.342)
Short-term trade payables, net	**1.133.242.063**	**387.293.389**

As of 31 December 2023 and 2022, the Group has no long-term trade payables.

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

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

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

As of 31 December 2023 and 2022, the functional breakdown of short-term other receivables is as follows:

Account Name	31 December 2023	31 December 2022
Due from employee	376.983	442.847
Deposits and guarantees given	50.000	-
Due from related parties (Note 37)	117.600	-
Short-term other receivables, net	**544.583**	**442.847**

The related explanations regarding the nature and level of risks on other receivables are disclosed in Note 38. The details of related party transactions and balances are disclosed in Note 37.

As of 31 December 2023 and 2022, the functional breakdown of short-term other payables is as follows:

Account Name	31 December 2023	31 December 2022
Taxes payable	3.892.429	1.760.247
Due to related parties (Note 37)	109.781.925	169.777.360
Short-term other payables, net	**113.674.354**	**171.537.607**

NOTE 12 - DERIVATIVE INSTRUMENTS

As of 31 December 2023 and 2022, the breakdown and detailed analysis of derivative instruments carried at fair value in the accompanying consolidated financial statements are as follows:

The details of foreign exchange forward contracts are as follows:

Account Name	31 December 2023	31 December 2022
Derivative liabilities	-	1.561.732
Total	**-**	**1.561.732**

As of 31 December 2023, the Group has no foreign exchange forward contracts.

As of 31 December 2022, the Group has foreign exchange forward contract amounted to USD 3.189.400. The contracts have 0-3 months maturities. As of 31 December 2022, the fair value of the contracts amounted to TL 99.826.348 and losses from the forward contract is amounting TL 1.561.732 recognised as an expense in the accompanying consolidated financial statements.

NOTE 13 - INVENTORIES

As of 31 December 2023 and 2022, the breakdown of inventories is as follows:

Account Name	31 December 2023	31 December 2022
Merchandise	350.482.279	322.163.589
Goods in transit	43.097.790	45.654.664
Provision for impairment (-)	(34.057.737)	(32.067.035)
Total	**359.522.332**	**335.751.218**

Merchandise that invoiced but not included in the inventories are recognised in "Goods in transit" account under inventories.

<u>Movements of the provision for impairment on inventories are as follows:</u>

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

	1 January - 31 December 2023	1 January - 31 December 2022
Beginning of the period – 1 January (-)	(32.067.035)	(12.861.029)
Reversal of provisions from gains on net realisable value (+)	-	-
Additions during the period (-) **(Note 28)**	(1.990.702)	(19.206.006)
End of the period – 31 December (-)	**(34.057.737)**	**(32.067.035)**

For merchandise that included in inventories for 3 months and over, provision for impairment is calculated with increasing percentages depending on the increase in inventory turnover. As of 31 December 2023, the inventories amounting to TL 107.031.626 are carried at net realisable value and the remaining inventories are carried at cost in the accompanying consolidated financial statements (31 December 2022: TL 117.214.474).

Disclosures	**31 December 2023**	**31 December 2022**
Cost	141.089.363	149.281.509
Less: Provision for impairment on inventories	(34.057.737)	(32.067.035)
Net realisable value **(a)**	107.031.626	117.214.474
Carried at cost **(b)**	252.490.706	218.536.744
Total inventories (a+b)	**359.522.332**	**335.751.218**

The Group has no inventories performed as guarantee against its liabilities.

Total insurance coverage on inventories is disclosed in **Note 22**.
The breakdown of inventories recognised as an expense in the consolidated financial statements is disclosed in **Note 28**.

NOTE 14 - BIOLOGICAL ASSETS

None.

NOTE 15 - PREPAID EXPENSES AND DEFERRED INCOME

Short-term

As of 31 December 2023 and 2022, the details of prepaid expenses are as follows:

Account Name	**31 December 2023**	**31 December 2022**
Short-term prepaid expenses	2.819.510	2.351.940
Advances given	40.110.080	68.389.048
Total	**42.929.590**	**70.740.988**

As of 31 December 2023 and 2022, the details of deferred income are as follows:

Account Name	**31 December 2023**	**31 December 2022**
Short-term deferred income	11.410.867	811.823
Advances received	38.071.409	19.551.119
Total	**49.482.276**	**20.362.942**

Long-term

None.

NOTE 16 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

None.

NOTE 17 - 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”.

The investment properties are carried at fair value in the accompanying consolidated financial statements. The Group has no capitalised financing costs in accordance with TAS 23 included in investment properties.

As of 31 December 2023 and 2022, the details of the investment properties carried at fair value in the accompanying consolidated financial statements are as follows:

31 December 2023

Carrying value	Opening balance – 1 January 2023	Changes in fair value, net	Transfers (PP&E)	Additions	Disposals	Closing balance – 31 December 2023
Land	**21.420**	**1.375**	**-**	**-**	**-**	**22.795**
Land (Hatay)	21.420	1.375	-	-	-	22.795
Buildings	**2.290.345**	**149.655**	**-**	**-**	**-**	**2.440.000**
İstanbul Ataşehir	2.290.345	149.655	-	-	-	2.440.000
TOTAL	**2.311.765**	**151.030**	**-**	**-**	**-**	**2.462.795**

31 December 2022

Carrying value	Opening balance – 1 January 2022	Changes in fair value, net	Transfers (PP&E)	Additions	Disposals	Closing balance – 31 December 2022
Land	**17.323**	**4.097**	**-**	**-**	**-**	**21.420**
Land	17.323	4.097	-	-	-	21.420
Buildings	**1.867.640**	**422.705**	**-**	**-**	**-**	**2.290.345**
İstanbul Ataşehir	1.867.640	422.705	-	-	-	2.290.345
TOTAL	**1.884.963**	**426.802**	**-**	**-**	**-**	**2.311.765**

As of 31 December 2023, the fair value of the land and buildings included in the investment properties is determined by independent appraisal firm “Kale Taşınmaz Değerleme ve Danışmanlık Anonim Şirketi” in accordance with the report prepared on 29 January 2024.

As of 31 December 2023 and 2022, the detailed list of the investment properties is as follows:

31 December 2023

City	Town	Neighborhood	Title deed (m^2)	Date of acquisition
Hatay**(a)**	Arsuz	Aşağı Kepirce	6792,09 m^2	26.11.2020
İstanbul**(b)**	Ataşehir	Esatpaşa	13.985,94 m^2	17.11.2017

31 December 2022

City	Town	Neighborhood	Title deed (m^2)	Date of acquisition
Hatay**(a)**	Arsuz	Aşağı Kepirce	6792,09 m^2	26.11.2020
İstanbul**(b)**	Ataşehir	Esatpaşa	13.985,94 m^2	17.11.2017

Land - Buildings

a) As of the reporting date, the land classified under investment properties in Hatay and the parcel numbered 45, The information regarding the land subject to appraisal received from the Land Registry Office on 9 January 2024 is as follows:

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

Other (Subject of matter: The immovable must not remain within the military forbidden zone, military security zone, or the zone determined within the framework of Article 28 of Law No. 2565) Date: 22 May 2018 numbered 1450723 (24 May 2018 numbered 3918),

b) In accordance with the land registry registered in Istanbul, Ataşehir and parcel numbered 13, and the Group has classified under investment properties, the residences are 3 independent sections located on the building qualified as "4-storey reinforced concrete building with attic and its land". As of the reporting date, there has been no restrict on or mortgage incurred on the relevant building.

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

As of 31 December 2023 and 2022, the movements for property, plant and equipment, and related depreciation are as follows:

31 December 2023

Cost

Account Name	Opening balance – 1 January 2023	Additions	Disposals (-)	Closing balance – 31 December 2023
Plant, machinery and equipment	68.087	-	-	68.087
Motor vehicles	30.867	-		30.867
Furniture and fixtures	26.046.499	221.189	-	26.267.688
Leasehold improvements	5.336.951	-	-	5.336.951
Total	**31.482.404**	**221.189**	**-**	**31.703.593**

Accumulated depreciation

Account Name	Opening balance – 1 January 2023	Current period depreciation	Disposals	Closing balance – 31 December 2023
Plant, machinery and equipment	(68.087)	-	-	(68.087)
Motor vehicles	(30.867)	-	-	(30.867)
Furniture and fixtures	(24.487.855)	(687.484)	-	(25.175.339)
Leasehold improvements	(5.278.381)	(53.180)	-	(5.331.561)
Total	**(29.865.190)**	**(740.664)**	**-**	**(30.605.854)**
Net book value	**1.617.214**			**1.097.739**

31 December 2022

Cost

Account Name	Opening balance – 1 January 2022	Additions	Disposals (-)	Closing balance – 31 December 2022
Plant, machinery and equipment	68.087	-	-	68.087
Motor vehicles	30.867	-		30.867
Furniture and fixtures	25.720.779	370.355	(44.635)	26.046.499
Leasehold improvements	5.336.951	-	-	5.336.951
Total	**31.156.684**	**370.355**	**(44.635)**	**31.482.404**

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

Accumulated depreciation

Account Name	Opening balance – 1 January 2022	Current period depreciation	Disposals	Closing balance – 31 December 2022
Plant, machinery and equipment	(68.087)	-	-	(68.087)
Motor vehicles	(30.867)	-	-	(30.867)
Furniture and fixtures	(23.762.409)	(744.789)	19.343	(24.487.855)
Leasehold improvements	(5.224.014)	(54.367)	-	(5.278.381)
Total	**(29.085.377)**	**(799.156)**	**19.343**	**(29.865.190)**
Net book value	**2.071.307**			**1.617.214**

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 at the end of the reporting period.

RIGHT OF USE ASSETS

As of 31 December 2023 and 2022, the movements for right of use assets, and related depreciation are as follows:

31 December 2023

Account Name	Opening balance – 1 January 2023	Additions	Disposals (-)	Closing balance – 31 December 2023
Buildings	8.894.993	2.812.210	-	11.707.203
Motor vehicles	10.103.719	1.909.636	(2.467.281)	9.546.074
Total	**18.998.712**	**4.721.846**	**(2.467.281)**	**21.253.277**

Accumulated depreciation

Account Name	Opening balance – 1 January 2023	Current period depreciation	Disposals (-)	Closing balance – 31 December 2023
Buildings	(6.411.166)	(4.266.593)	-	(10.677.759)
Motor vehicles	(3.305.800)	(4.315.996)	2.358.092	(5.263.702)
Total	**(9.716.966)**	**(8.582.589)**	**2.358.092**	**(15.941.461)**
Net book value	**9.281.746**			**5.311.816**

31 December 2022

Cost

Account Name	Opening balance – 1 January 2022	Additions	Disposals (-)	Closing balance – 31 December 2022
Buildings	8.300.570	594.423	-	8.894.993
Motor vehicles	9.380.522	6.089.600	(5.366.403)	10.103.719
Total	**17.681.092**	**6.684.023**	**(5.366.403)**	**18.998.712**

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

Accumulated depreciation

Account Name	Opening balance – 1 January 2022	Current period depreciation	Disposals (-)	Closing balance – 31 December 2022
Buildings	(4.404.013)	(2.007.153)	-	(6.411.166)
Motor vehicles	(5.382.620)	(2.555.853)	4.632.673	(3.305.800)
Total	**(9.786.633)**	**(4.563.006)**	**4.632.673**	**(9.716.966)**
Net book value	**7.894.459**			**9.281.746**

NOTE 19 - INTANGIBLE ASSETS

As of 31 December 2023 and 2022, the movements for intangible assets, and related depreciation are as follows:

31 December 2023

Cost

Account Name	Opening balance – 1 January 2023	Additions	Disposals (-)	Transfers	Closing balance – 31 December 2023
Rights	15.810.782	1.880.588	-	-	17.691.370
Total	**15.810.782**	**1.880.588**	**-**	**-**	**17.691.370**

Accumulated depreciation

Net book value	Opening balance – 1 January 2023	Current period depreciation	Disposals	Transfers	Closing balance – 31 December 2023
Rights	(11.180.866)	(856.018)	-	-	(12.036.884)
Total	**(11.180.866)**	**(856.018)**	**-**	**-**	**(12.036.884)**
Net book value	**4.629.916**				**5.654.486**

31 December 2022

Cost

Account Name	Opening balance – 1 January 2022	Additions	Disposals (-)	Transfers	Closing balance – 31 December 2022
Rights	15.749.456	61.326	-	-	15.810.782
Total	**15.749.456**	**61.326**	**-**	**-**	**15.810.782**

Accumulated depreciation

Account Name	Opening balance – 1 January 2022	Current period depreciation	Disposals	Transfers	Closing balance – 31 December 2022
Rights	(10.552.388)	(628.479)	-	-	(11.180.866)
Total	**(10.552.388)**	**(628.479)**	**-**	**-**	**(11.180.866)**
Net book value	**5.197.068**				**4.629.916**

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

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

NOTE 20 - EMPLOYEE BENEFITS

As of 31 December 2023 and 2022, the detailed analysis of employee benefits is as follows:

Account Name	31 December 2023	31 December 2022
Social security premiums payable	1.572.064	1.185.031
Due to employee	15.186	-
Total	**1.587.250**	**1.185.031**

NOTE 21 - GOVERNMENT GRANTS

None.

NOTE 22 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

i) Provisions

Account Name	31 December 2023	31 December 2022
Provision for price revision	35.897.808	44.769.841
Provision for lawsuits	65.247	90.576
Provision for unused vacation	1.792.588	2.385.944
Total	**37.755.643**	**47.246.361**

31 December 2023	Provision for lawsuits	Provision for price revision	Provision for unused vacation	Total
Beginning of the period – 1 January	90.576	44.769.841	2.385.944	47.246.361
Additions	-	43.666.453	-	43.666.453
Payments during the period	-	(54.458.474)	419.137	(54.039.337)
Adjustments for inflation	(25.329)	1.919.988	(1.012.493)	882.166
End of the period – 31 December	**65.247**	**35.897.808**	**1.792.588**	**37.755.643**

31 December 2022	Provision for lawsuits	Provision for price revision	Provision for unused vacation	Total
Beginning of the period – 1 January	136.714	65.085.729	3.063.313	68.285.756
Additions	7.350	31.482.872	2.764.614	34.254.798
Payments during the period	-	(45.769.274)	-	(45.769.274)
Adjustments for inflation	(53.488)	(6.029.486)	(3.441.983)	(9.524.919)
End of the period – 31 December	**90.576**	**44.769.841**	**2.385.944**	**47.246.361**

Invoices regarding price revisions are obtained from customers for the products sold at different prices in the prior period and relevant provisions are allocated in the consolidated financial statements. In addition, the specific sales objectives are provided to customers, and in accordance with the sales achievement, invoices such as turnover premium, credit note, price revisions are received from the dealers and provisions are allocated in the consolidated financial statements accordingly.

ii) Contingent liabilities and contingent assets

31 December 2023

As of 31 December 2023, the provision for lawsuits is amounted to TL 65.247 filed against the Group and the related provisions are recognised in the consolidated financial statements.

31 December 2022

As of 31 December 2022, the provision for lawsuits is amounted to TL 90.576 filed against the Group and the related provisions are recognised in the consolidated financial statements.

In accordance with TFRS 9, provision for doubtful receivables is amounted to TL 6.759.969 for execution proceedings of the Group and the related provisions recognised in the consolidated financial statements (31 December 2022: TL 9.914.456).

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

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

31 December 2023

	TL	USD	EUR
Letter of guarantee given	125.444.957	1.000.000	-
Total	**125.444.957**	**1.000.000**	**-**

31 December 2022

	TL	USD	EUR
Letter of guarantee given	142.594.483	1.000.000	-
Total	**142.594.483**	**1.000.000**	**-**

iv) Total mortgages and guarantees on assets

None.

v) Total insurance coverage on assets

31 December 2023

Type of insured asset	USD	TL
Merchandise	15.000.000	-
Other	-	-
Total	**15.000.000**	**-**

31 December 2022

Type of insured asset	USD	TL
Merchandise	17.500.000	-
Other	-	-
Total	**17.500.000**	**-**

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

vi) Ratio of guarantees and mortgages to equity

Collaterals, Pledges, Mortgages Given by the Group	**31 December 2023**	**31 December 2023**	**31 December 2022**	**31 December 2022**
	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	-	**154.936.257**	-	**172.085.783**
Letter of guarantee (USD)	*1.000.000*	*29.491.300*	*1.000.000*	*29.491.300*
Letter of guarantee (TL)	-	*125.444.957*	-	*142.594.483*
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	**-**	**154.936.257**	**-**	**172.085.783**

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

The ratio of other CPM's given by the Group to its equity is 0% (31 December 2022: 0%)

NOTE 23 - COMMITMENTS

None.

NOTE 24 – PROVISIONS FOR EMPLOYEE BENEFITS

Account Name	31 December 2023	31 December 2022
Provision for employment termination benefits	2.789.513	5.101.880
Total	**2.789.513**	**5.101.880**

Under Turkish Labour Law, Datagate and its subsidiary incorporated in Turkey is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). As of 31 December 2023, the amount payable consists of one month's salary limited to a maximum of TL 35.059 (31 December 2022: TL 19.983) for each year of service.

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As of 31 December 2023, 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 2023, 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 2022: 3.33%). The discount rates are reviewed and revised if deemed necessary, in every reporting period.

As of 31 December 2023, turnover rate to estimate the probability of retirement is 89.97% (31 December 2022: 89.14%).

	1 January - 31 December 2023	1 January - 31 December 2022
Beginning of the period – 1 January	5.101.880	4.111.558
Service costs	394.006	487.610
Actuarial (gains)/losses	131.117	1.714.508
Interest costs	743.113	600.703
Payments during the period (-)	(3.237.855)	(758.063)
Losses on remeasurements of defined benefit plans	1.662.825	554.195
Adjustments for inflation	(2.005.573)	(1.608.631)
End of the period – 31 December	**2.789.513**	**5.101.880**

The breakdown and classification of the provision for employment termination benefits are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
General administrative expenses	(2.799.944)	(1.642.508)
Other operating income	-	-
Gains/(losses) charge to the profit or loss	**(2.799.944)**	**(1.642.508)**
Actuarial gains/(losses) charge to the other comprehensive income	(131.117)	(1.714.508)
Profit/(loss) for the period	**(2.931.061)**	**(3.357.016)**

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

Account Name	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Actuarial gains/(losses) charge to the other comprehensive income	(131.117)	(1.714.508)
Total	**(131.117)**	**(1.714.508)**
Tax calculated at domestic tax rate 25%- 20%	32.779	342.901
Net amount	**(98.338)**	**(1.371.607)**

NOTE 25 - TAX ASSETS AND LIABILITIES

None.

As of the 31 December 2023 and 2022, the details of current income tax liabilities are disclosed in Note 35.

NOTE 26 - OTHER ASSETS AND LIABILITIES

As of 31 December 2023 and 2022, the breakdown of other current assets is as follows:

Account Name	**31 December 2023**	**31 December 2022**
Income accruals (Credit note) **(*)**	5.663.937	7.171.392
Deferred VAT	6.746.180	13.370.148
Cash advances	17.965	32.460
Other current assets, net	**12.428.082**	**20.574.000**

(*) The details of credit note income accruals are disclosed in Note 2.08.20.

As of 31 December 2023 and 2022, the Group has no other non-current assets.

NOTE 27 - EQUITY

i)Non-controlling interests

Account Name	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Beginning of the period – 1 January	155.529.681	198.941.965
Share of profit/(loss) from non-controlling interests	(40.419.931)	(42.804.604)
Actuarial gains/(losses) from minority interests	81.158	(607.680)
End of the period – 31 December	**115.190.908**	**155.529.681**

ii) Share capital/Capital adjustments due to cross-ownership/Treasury shares

The current issued share capital of Datagate is amounting to TL 30.000.000 which comprise of 30.000.000 outstanding shares each with a nominal value of TL 1. The current share capital of the Group consists of Class A shares issued to the name as paid-in share capital is amounting to TL 454,545 and Class B shares issued to the bearer as paid-in share capital is 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 2023 and 2022, the principal shareholders and their respective shareholding rates in Datagate are as follows:

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

	31 December 2023		31 December 2022	
Shareholders	**Share (%)**	**Amount**	**Share (%)**	**Amount**
İndeks A.Ş.(*)	59.24	17.772.688	59.24	17.772.688
Listed shares (quoted on the BIST)	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) Other comprehensive income or expenses not to be reclassified to profit or loss

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

Account Name	**31 December 2023**	**31 December 2022**
Beginning of the period – 1 January	(763.927)	-
Actuarial gains and (losses) ***(Note 24)***	*(131.117)*	*(1.714.508)*
Tax effect ***(Note 24, Note 35)***	*32.779*	*342.901*
Actuarial gains/(losses) from minority interests	***(81.158)***	**607.680**
Actuarial gains/(losses), (net)	**(943.423)**	**(763.927)**
Gains/(losses) on revaluation and remeasurements	**(943.423)**	**(763.927)**
Other gains and losses	**-**	**-**
Other comprehensive income or expenses not to be reclassified to profit or loss, net	**(943.423)**	**(763.927)**

v) Other comprehensive income or expenses to be reclassified to profit or loss

None.

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 presented 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

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

distributable amount in the statutory accounts is 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 2023 and 2022, the breakdown of equity items is as follows:

Account Name	**31 December 2023**	**31 December 2022**
Paid-in share capital	30.000.000	30.000.000
Adjustment to share capital	249.244.797	249.244.797
Treasury shares (-) **(*)**	(4.644.913)	(4.644.913)
Share premium	38.145.360	38.145.360
Other comprehensive income or expenses not to be reclassified to profit or loss	(943.423)	(763.927)
-Gains/(losses) on revaluation and remeasurements	*(943.423)*	*(763.927)*
Other comprehensive income or expenses to be reclassified to profit or loss	-	-
-Currency translation differences	-	-
Business combinations under common control	-	-
Restricted reserves	74.522.638	74.522.638
- Legal reserves	59.867.971	59.867.971
- Gain on subsidiary exempted from corporate tax	14.654.667	14.654.667
Retained earnings	(39.566.874)	87.784.019
Profit for the period	(137.320.345)	(127.350.893)
Non-controlling interests	115.190.908	155.529.681
Total equity	**324.628.148**	**502.466.762**

(*) 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 16.02.2023, the maximum amount of funds for the repurchase of shares increased from TL 8 million to TL 20 million which was announced on 23.03.2020.

NOTE 29 - REVENUE AND COST OF SALES

As of 31 December 2023 and 2022, the breakdown and detailed analysis of revenue and cost of sales are as follows:

Account Name	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Domestic sales	5.271.323.176	4.476.424.417
Foreign and other sales	35.599.042	44.966.716
Sales returns (-)	(148.348.821)	(115.568.170)
Sales discounts (-)	(7.566.098)	(12.487.246)
Revenue, net	**5.151.007.299**	**4.393.335.717**
Cost of merchandise sold (-)	(4.847.052.345)	(4.105.723.661)
Gross profit	**303.954.954**	**287.612.056**

Depreciation and amortisation charges are included in operating expenses.

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

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

As of 31 December 2023 and 2022, the breakdown of operating expenses is as follows:

Account Name	**1 January - 31 December 2023**	**1 January - 31 December 2022**
General administrative expenses (-)	(84.381.409)	(56.398.145)
Marketing, sales and distribution expenses (-)	(68.614.467)	(53.586.898)
Total operating expenses	**(152.995.876)**	**(109.985.043)**

NOTE 30 - EXPENSES BY NATURE

As of 31 December 2023 and 2022, the functional breakdown of expenses by nature is as follows:

Account Name	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Marketing, sales and distribution expenses and general administrative expenses (-)	**(152.995.876)**	**(109.985.043)**
- Personnel expenses	(86.795.919)	(58.283.890)
- Transportation, distribution and storage expenses	(22.369.766)	(22.506.944)
- Depreciation and amortisation charges	(10.179.271)	(5.990.640)
- Advertisement and promotion expenses	(7.221.669)	(2.366.460)
- Insurance expenses	(6.250.028)	(7.009.119)
- Audit and consultancy expenses	(5.067.950)	(2.863.381)
- Provision for employment termination benefits	(2.799.944)	(1.642.508)
- Repair and maintenance expenses	(1.929.723)	(1.972.656)
- Outsourcing expenses	(1.891.893)	(1.596.182)
- Rent expenses	(529.722)	(331.905)
- Information systems and communication expenses	(469.950)	(370.130)
- Other	(7.490.041)	(5.051.228)
Operating expenses, net	**(152.995.876)**	**(109.985.043)**

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 2023**	**1 January - 31 December 2022**
Audit fee for the reporting period	535.000	186.197
Tax consulting fee	556.200	267.331
Other assurance fees	12.000	46.526
Total	**1.103.200**	**500.054**

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

NOTE 31 - OTHER OPERATING INCOME/(EXPENSES)

As of 31 December 2023 and 2022, the breakdown and detailed analysis of other operating income and expenses are as follows:

Account Name	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Other operating income	**531.868.818**	**207.731.995**
Provisions no longer required (Doubtful receivables)	10.896	584.824
Interest income	236.112.794	92.854.258
Discount income	29.878.747	10.153.357
Foreign exchange gains	265.822.586	104.133.580
Other	43.795	5.976
Other operating expenses (-)	**(496.263.758)**	**(106.674.017)**
Interest expenses	(141.625.841)	(38.235.268)
Discount expenses	(51.693.936)	(9.691.186)
Foreign exchange losses	(302.360.146)	(58.414.588)
Other	(583.835)	(332.975)
Other operating income/(expenses), net	**35.605.060**	**101.057.978**

NOTE 32 - GAINS/ (LOSSES) FROM INVESTMENT ACTIVITES

As of 31 December 2023 and 2022, the breakdown of gains and losses from investment activities is as follows:

Account Name	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Gains from investment activities	**151.030**	**426.802**
Investment properties revaluation surplus	151.030	426.802
Losses from investment activities (-)	**-**	**(1.137)**
Loss on sale of property, plant and equipment and intangible assets (-)	-	(1.137)
Gains/(losses) from investment activities, net	**151.030**	**425.665**

NOTE 33 - FINANCIAL INCOME/(EXPENSE)

As of 31 December 2023 and 2022, the breakdown of financial income is as follows:

Account Name	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Interest income	56.826.443	3.332.201
Foreign exchange gains	5.738.365	8.260.464
Financial income, net	**62.564.808**	**11.592.665**

As of 31 December 2023 and 2022, the breakdown of financial expenses is as follows:

Account Name	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Bank fees and charges and interest expenses	(259.128.165)	(160.549.609)
Foreign exchange losses	(1.876.305)	(12.189.773)
Financial expenses, net	**(261.004.470)**	**(172.739.382)**

The Group has no capitalised financing costs during the period.

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

NOTE 34 – NON-CURRENT ASSETS HELD FOR SALE AND DISCOUNTINUED OPERATIONS

None.

NOTE 35 - 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 2023**	**1 January - 31 December 2022**
Current period tax expense	(26.763.019)	(41.646.302)
Deferred income tax	28.077.452	12.040.027
Total tax income/(expense)	**1.314.433**	**(29.606.275)**

Account Name	**31 December 2023**	**31 December 2022**
Current period tax expense	26.763.019	41.646.302
Prepaid taxes (-)	(20.662.249)	(35.925.777)
Current income tax liabilities, net	**6.100.770**	**5.720.525**

i) Corporate tax

Advance tax in Turkey is calculated and accrued on a quarterly basis. Accordingly, the Group has been calculated tax in accordance with the 2023 earnings in the first advance tax period, an advance tax of 25% was calculated on corporate earnings. The corporate tax rate applied in Turkey is 25%.

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 year's profits.

According to Corporate Tax Law Article numbered 24, the corporate tax is imposed by the taxpayer's tax returns. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their corporate tax returns between 1-30 April following the close of the accounting year. 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 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. With the Presidential Decree numbered 4936 published in the Official Gazette numbered 31697, the tax withholding rate on dividend distribution within the scope of Article 94 of the Income Tax Law and Articles 15 and 30 of the Corporate Tax Law has been reduced from 15% to 10%.

ii) Deferred tax

Datagate and its subsidiary, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and the Turkish tax legislations. These differences usually result in the recognition of revenue and expenses in different reporting periods for tax purposes and for the purposes of the Turkish Financial Reporting Standards and disclosed below.

As of 31 December 2023, the effective corporate tax rate is 25%.

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

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

Account Name	31 December 2023 Cumulative temporary differences	31 December 2023 Deferred tax assets/ (liabilities)	31 December 2022 Cumulative temporary differences	31 December 2022 Deferred tax assets/ (liabilities)
Property, plant and equipment and intangible assets	1.813.398	(453.350)	6.825.647	(1.365.129)
Discount expenses	125.255.330	31.313.833	90.004.722	18.000.944
Provision for employment termination benefits	2.789.513	697.378	5.101.880	1.020.377
Provision for lawsuits	65.247	16.312	90.576	18.115
Provision for impairment on inventories	34.057.737	8.514.434	32.067.035	6.413.407
Discount on notes receivables	20.876.496	(5.219.124)	1.479.342	(295.868)
Derivative instruments	-	-	1.561.731	312.347
Inventory financing	8.654.610	2.163.653	2.280.111	456.023
Provision for unused vacation	1.792.588	448.147	2.385.944	477.189
Other	23.213.709	5.803.428	169.795	(33.959)
Deferred tax assets, net		**43.284.711**		**25.003.446**

Movements in deferred tax assets/(liabilities) are as follows:	31 December 2023	31 December 2022
Beginning of the period – 1 January	25.003.446	20.731.724
Deferred income tax during the period	28.077.452	12.040.027
Actuarial gains/(losses) on employment termination benefits	32.779	342.901
Adjustments for inflation	(9.828.966)	(8.111.206)
End of the period – 31 December	**43.284.711**	**25.003.446**

NOTE 36 - 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 2023 and 2022, which is as follows:

Account Name	1 January - 31 December 2023	1 January - 31 December 2022
Profit for the period	(137.320.345)	(127.350.893)
Weighted average number of shares	30.000.000	30.000.000
Earnings per share	**(4.577345)**	**(4.245030)**

NOTE 37 - RELATED PARTY DISCLOSURES

a) Related party balances are as follows:

	Receivables		Payables	
31 December 2023	**Trade receivables**	**Other receivables**	**Other payables**	**Trade receivables**
İndeks A.Ş.	-	-	90.149.837	109.781.925
Ifz A.Ş.	-	-	9.057.916	-
Neteks Teknoloji A.Ş	-	117.600	-	-
İnfin A.Ş.	-	-	1.715.857	-
Teklos A.Ş.	-	-	2.284.146	-
Total	**-**	**117.600**	**103.207.756**	**109.781.925**

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

	Receivables		Payables	
31 December 2022	**Trade receivables**	**Other receivables**	**Other payables**	**Trade receivables**
İndeks A.Ş.	-	-	176.804.455	169.777.360
Desbil A.Ş.	326	-	-	-
Ifz A.Ş.	-	-	2.983.057	-
Neteks Teknoloji A.Ş	21.117	-	2.038.005	-
İnfin A.Ş.	-	-	485.392	-
Teklos A.Ş.	-	-	2.608.993	-
Total	**21.443**	**-**	**184.919.901**	**169.777.360**

The Group has no collateral obtained against its receivables and payables due from/due to related parties. The Group has no provision for doubtful receivables allocated for related parties.

Current balances between related parties mainly arise from operating activities. However, there exists cash allocations between related parties. Balances arising from non-finance sector operations and transactions are classified as other receivables and payables. The Group has interest income arising from current balances of related parties and invoiced to the related parties on a quarterly basis.

The Group has interest gains on USD, EUR and TL for the current accounts during the period, and the effective annual interest in 2023 is for USD 11.50% - 14.50%, EUR 9.65% -14.10% and TL 24.00% – 49.00%, respectively (31 December 2022: 7.00% - 13.00%, 3.00% – 11.50% and 21.00% -37.00%, respectively).

b) Related party transactions are as follows:

31 December 2023

Sales	Goods and services	Common costs	Interest income and currency translation differences	Total
İndeks A.Ş.	188.678.454	1.029.073	8.014.603	197.722.130
Ifz A.Ş.	-	3.917.606	-	3.917.606
İnfin A.Ş.	2.362.170	-	19.780.415	22.142.585
Neteks Teknoloji A.Ş.	1.472.929	-	789.260	2.262.189
Teklos A.Ş.	366.294	-	619.508	985.802
Total	**192.879.847**	**4.946.679**	**29.203.786**	**227.030.312**

Purchases	Goods and services	Common costs	Interest expenses and currency translation differences	Total
İndeks A.Ş.	92.554.923	12.995.951	149.872.872	255.423.746
Ifz A.Ş.	273.063.719	-	131.979	273.195.698
Neteks Teknoloji A.Ş.	1.451	-	3.247.343	3.248.794
İnfin	-	3.974	480.001	483.975
Teklos A.Ş.	13.947.930	2.403.191	1.073.908	17.425.029
Total	**379.568.023**	**15.403.116**	**154.806.103**	**549.777.242**

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

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

31 December 2022

Sales	**Goods and services**	**Common costs**	**Interest income and currency translation differences**	**Total**
İndeks A.Ş.	83.018.456	14.115.836	19.351.467	116.485.759
Ifz A.Ş.	-	2.714.058	-	2.714.058
İnfin A.Ş.	5.564.631	-	2.387	5.567.018
Neteks Teknoloji A.Ş.	379.553	132.553	7.402	519.508
Desbil A.Ş.	-	-	145.602	145.602
Teklos A.Ş.	293.174	533.407	17.452	844.033
Total	**89.255.814**	**17.495.854**	**19.524.310**	**126.275.978**

Purchases	**Goods and services**	**Common costs**	**Interest expenses and currency translation differences**	**Total**
İndeks A.Ş.	636.533.668	18.783.457	114.282.624	769.599.749
Ifz A.Ş.	198.535.543	-	24.864	198.560.407
Neteks Teknoloji A.Ş.	821	-	125.683	126.504
İnfin	-	486.688	-	486.688
Teklos A.Ş.	23.899.002	2.416.119	744.086	27.059.207
Total	**858.969.034**	**21.686.264**	**115.177.257**	**995.832.555**

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

c) Key management compensation

Account Name	**31 December 2023**	**31 December 2022**
Key management compensation	26.558.930	8.619.549
Employment termination benefits	-	-
Total	**26.558.930**	**8.619.549**

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 38 – 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 loans disclosed in note 8, cash and cash equivalents disclosed in note 6 and equity items containing respectively issued share capital, capital reserves, profit reserves and prior years' income disclosed in note 27.

Risks, associated with each capital class, and the senior management evaluates the capital cost. It is aimed that the capital structure will be stabilized by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the senior management evaluations.
The 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 statement of financial position). Total capital is calculated as equity, as presented in the consolidated statement of financial position, plus net debt.
The general strategy regarding equity does not differ from the prior 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.

Consolidated net financial debt/invested capital ratio as of 31 December 2023 and 2022 is as follows:

	31 December 2023	**31 December 2022**
Total borrowings	1.348.072.231	734.215.099
Less: Cash and cash equivalents	(14.118.805)	(28.307.487)
Net financial debt	1.333.953.426	705.907.612
Equity	324.628.148	502.466.762
Total capital	1.658.581.574	1.208.374.374
Net financial debt/invested capital ratio (%)	**0.8043**	**0.5842**

(b) Significant accounting policies

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

(c) Risks

Due to 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. 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 prior year.

(c1) Foreign exchange risk

Foreign exchange risk arises from the fact that the Group has liabilities denominated in USD and EURO.

The difference between the foreign currency denominated and foreign currency indexed assets and liabilities of the Group are defined as the "Net foreign currency position" and it is the basis of the foreign exchange risk. Another important dimension of the risk is the changes of the exchange rates of different foreign currencies in net foreign currency position. The Group's exposure to foreign exchange risk arises from its receivables, payables and bank borrowings denominated in foreign currencies. In order to minimize this risk, the Group monitors its financial position and cash inflows/outflows with detailed consolidated statements of cash flow. As of 31 December 2023 and 2022, assets and liabilities denominated in foreign currency are as follows:

As of 31 December 2023, if EUR and USD had appreciated by 10% against TL with all other variables held constant, profit before tax would have been TL 6.587.190 higher (31 December 2022: TL 20.604.826 lower).

The following table details the Group's foreign currency sensitivity as at 31 December 2023 and 2022 for the changes at the rate of 10%:

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

Foreign Exchange Sensitivity Analysis

	Current period - (31.12.2023)	
	Profit/(Loss)	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**
Change in USD against TL by 10%		
1- USD Net Asset / Liability	868.739	(868.739)
2- Hedged portion of USD Risk (-)		
3- USD Net Effect (1+2)	**868.739**	**(868.739)**
Change in EUR against TL by 10%		
4- EUR Net Asset / Liability	(7.455.929)	7.455.929
5- Hedged portion of EUR Risk (-)		
6- EUR Net Effect (4+5)	**(7.455.929)**	**7.455.929**
Change in Other currencies against TL by 10%		
7- Other currencies Net Asset / Liability	-	-
8- Hedged portion of Other currencies Risk (-)	-	-
9- Other currencies Net Effect (7+8)	**-**	**-**
Total	**(6.587.190)**	**6.587.190**

	Prior period - (31.12.2022)	
	Profit/(Loss)	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**
Change in USD against TL by 10%		
1- USD Net Asset / Liability	19.434.556	(19.434.556)
2- Hedged portion of USD Risk (-)		
3- USD Net Effect (1+2)	**19.434.556**	**(19.434.556)**
Change in EUR against TL by 10%		
4- EUR Net Asset / Liability	1.170.270	(1.170.270)
5- Hedged portion of EUR Risk (-)		
6- EUR Net Effect (4+5)	**1.170.270**	**(1.170.270)**
Change in Other currencies against TL by 10%		
7- Other currencies Net Asset / Liability	-	-
8- Hedged portion of Other currencies Risk (-)	-	-
9- Other currencies Net Effect (7+8)	**-**	**-**
Total	**20.604.826**	**(20.604.826)**

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

As of 31 December 2023 and 2022, foreign exchange position of the Group is as follows:

Foreign Exchange Position

	31 December 2023			**31 December 2022**		
	TL equivalent	**USD**	**EUR**	**TL equivalent**	**USD**	**EUR**
1. Trade Receivables	64.638.834	1.436.568	686.097	112.588.381	3.610.411	41.176
2a. Monetary Financial Assets	222.126	5.359	1.976	6.148.026	20.268	168.159
2b. Non-Monetary Financial Assets	1.736.773	58.997	0	1.563.627	50.751	0
3. Other	55.179.412	1.442.354	390.469	60.607.566	1.311.380	615.096
4. Total Current Assets (1+2+3)	**121.777.145**	**2.943.278**	**1.078.542**	**180.907.600**	**4.992.810**	**824.431**
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)	**121.777.145**	**2.943.278**	**1.078.542**	**180.907.600**	**4.992.810**	**824.431**
10. Trade Payables	173.650.849	2.315.616	3.228.683	70.550.417	1.835.249	422.559
11. Financial Liabilities	-	-	-	-	-	-
12a. Other Monetary Liabilities	2.171.879	67.149	5.870	1.703.328	35.665	18.310
12b. Other Non-Monetary Liabilities	11.826.319	260.639	126.859	870.212	-	26.445
13. Total Current Liabilities (10+11+12)	**187.649.047**	**2.643.404**	**3.361.412**	**73.123.957**	**1.870.914**	**467.314**
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-
17. Total Non-Current Liabilities (14+15+16)	-	-	-	-	-	-
18. Total Liabilities (13+17)	**187.649.047**	**2.643.404**	**3.361.412**	**73.123.957**	**1.870.914**	**467.314**
19. Off-Balance Sheet Derivative Instruments Net Asset/(Liability) Position (19a-19b)	-	-	-	98.264.616	3.189.400	-
19a. Total Asset Amount of Hedged	-	-	-	98.264.616	3.189.400	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-
20. Net Foreign Exchange Asset/(Liability) Position (9-18+19)	**(65.871.902)**	**299.874**	**(2.282.870)**	**206.048.259**	**6.311.296**	**357.117**
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	**(110.961.768)**	**(940.839)**	**(2.546.480)**	**46.482.663**	**1.759.765**	**(231.534)**
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge						
23. Foreign Exchange Hedged Portion Amount of Assets	-	-	-	**(13.526.305)**	**3.189.400**	-
24. Foreign Exchange Hedged Portion Amount of Liabilities	-	-	-	-	-	-
25. Export	**2.429.429**	-	-	**12.841.063**	-	-
26. Import	**964.674.114**	-	-	**1.128.150.159**	-	-

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

c2) Credit risk details

As of 31 December 2023 and 2022, the exposure of consolidated financial assets to credit risk is as follows:

31 December 2023	**Receivables**					**Bank deposits and reverse repo**	
	Trade Receivables		**Other Receivables**				
	Related Party	**Other**	**Related Party**	**Other**	**Notes**		**Notes**
Maximum exposure to credit risk as of the reporting date (A+B+C+D)	**-**	**1.185.345.440**	**-**	**544.583**		**11.312.690**	
- Maximum risk, secured with guarantees and collaterals	-	917.684.597	-	-		-	
A. Net book value of neither past due nor impaired financial assets	**-**	**1.179.606.863**	**-**	**544.583**	**10-11**	**11.312.690**	**6**
B. Net book value of past due but not impaired financial assets	**-**	6.543.631	**-**	**-**		**-**	
- Maximum risk, secured with guarantees and collaterals	**-**	(805.055)	**-**	**-**		**-**	
C. Net book value of impaired assets	**-**	-	**-**	**-**	**10-11**	**-**	**6**
- Past due (gross book value)	**-**	**6.759.969**	**-**	**-**		**-**	
- Impairment (-)	**-**	(6.759.969)	**-**	**-**	**10-11**	**-**	**6**
- Secured with guarantees and collaterals	**-**	-	**-**	**-**	**10-11**	**-**	**6**
- Not past due (gross book value)	**-**	-	**-**	**-**	**10-11**	**-**	**6**
- Impairment (-)	**-**	-	**-**	**-**	**10-11**	**-**	**6**
- Secured with guarantees and collaterals	**-**	-	**-**	**-**	**10-11**	**-**	**6**
D. Off-balance sheet expected credit losses (-)							

31 December 2022	**Receivables**					**Bank deposits**	
	Trade Receivables		**Other Receivables**				
	Related Party	**Other**	**Related Party**	**Other**	**Notes**		**Notes**
Maximum exposure to credit risk as of the reporting date (A+B+C+D)	**21.443**	**737.999.791**	**-**	**442.847**		**12.692.070**	
- Maximum risk, secured with guarantees and collaterals	-	514.037.519	-	-		-	
A. Net book value of neither past due nor impaired financial assets	**21.443**	**737.039.036**	**-**	**442.847**	**10-11**	**12.692.070**	**6**
B. Net book value of past due but not impaired financial assets	**-**	8.151.213	**-**	**-**		**-**	
- Maximum risk, secured with guarantees and collaterals	**-**	(7.190.458)	**-**	**-**		**-**	
C. Net book value of impaired assets	**-**	-	**-**	**-**	**10-11**	**-**	**6**
- Past due (gross book value)	**-**	-	**-**	**-**		**-**	
- Impairment (-)	**-**	9.914.456	**-**	**-**	**10-11**	**-**	**6**
- Secured with guarantees and collaterals	**-**	(9.914.456)	**-**	**-**	**10-11**	**-**	**6**
- Not past due (gross book value)	**-**	-	**-**	**-**	**10-11**	**-**	**6**
- Impairment (-)	**-**	-	**-**	**-**	**10-11**	**-**	**6**
- Secured with guarantees and collaterals	**-**	-	**-**	**-**	**10-11**	**-**	**6**
D. Off-balance sheet expected credit losses (-)							

	Receivables	
Current period - (31 December 2023)	**Trade receivables**	**Other receivables**
Past due up to 1 month	2.461.298	-
Past due 1-3 months	2.335.863	-
Past due more than 3 months	1.746.470	-
Secured with guarantees and collaterals	805.055	-

	Receivables	
Prior period (31 December 2022)	**Trade receivables**	**Other receivables**
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 and collaterals	4.363.857	-

Credit risk management

Datagate's collection risk arises mainly from its trade receivables. Almost all of the trade receivables are due to receivables from dealers. The 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 consolidated statement of financial position less provision for doubtful receivables. The low profit margin of the sector due to the structure of the sector makes collection and risk monitoring policies significant for the Group and maximum sensitivity is presented accordingly. 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.

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

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

(c3) Interest rate risk

The Group has interest rate risk from fixed-interest rate financial instruments.

Interest rate position

	31 December 2023	31 December 2022
Fixed-interest rate financial instruments		
Financial assets	2.668.242	1.071.670
Financial liabilities	3.440.362	94.205.632
Floating-interest rate financial instruments		
Financial assets	-	-
Financial liabilities	-	-

As of 31 December 2023, in the case of 100 bps rise in the annual interests, with all other variables held constant, profit before tax would have been TL 7.721 lower.

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 931.340 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.

<u>Liquidity risk statements</u>

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 2023 and 2022 are as follows:

<u>31 December 2023</u>

	Carrying Value	Total Contractual Cash Outflows	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Non-Derivative Financial Liabilities	**1.250.356.779**	**1.271.332.320**	**1.268.720.736**	**1.366.880**	**1.244.704**	**-**
Bank Borrowings	-	-	-	-	-	-
Lease Liabilities	*3.440.362*	*3.539.409*	*927.825*	*1.366.880*	*1.244.704*	-
Trade Payables	*1.133.242.063*	*1.154.118.557*	*1.154.118.557*			-
Other Payables	*113.674.354*	*113.674.354*	*113.674.354*			-
Other	-	-	-	-	-	-

	Carrying Value	Total Contractual Cash Outflows	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Non-Derivative Financial Liabilities	-	-	-	-	-	-
Cash Inflows	-	-	-	-	-	-
Cash Outflows	-	-	-	-	-	-

31 December 2022

	Carrying Value	Total Contractual Cash Outflows	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Non-Derivative Financial Liabilities	**653.036.628**	**659.813.532**	**652.220.812**	**3.290.584**	**4.302.136**	**-**
Bank Borrowings	*87.228.297*	*90.739.121*	*90.739.121*	*-*	*-*	*-*
Lease Liabilities	*6.977.335*	*8.764.073*	*1.171.353*	*3.290.584*	*4.302.136*	*-*
Trade Payables	*387.293.389*	*388.772.731*	*388.772.731*	*-*	*-*	*-*
Other Payables	*171.537.607*	*171.537.607*	*171.537.607*	*-*	*-*	*-*
Other	*-*	*-*	*-*	*-*	*-*	*-*

	Carrying Value	Total Contractual Cash Outflows	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
Non-Derivative Financial Liabilities	**(1.561.732)**	**(3.571.244)**	**(3.571.244)**	-	-	-
Cash Inflows	98.264.615	98.264.616	98.264.616	-	-	-
Cash Outflows	(99.826.347)	(101.835.860)	(101.835.860)	-	-	-

(c5) Other risks analysis

Equity securities and other related risks related financial instruments

The Group has no securities and similar financial assets sensitive to changes in fair value.

NOTE 39 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING)

Financial Instruments and Financial Risk Management Objectives

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, interest rate risk, 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.

Fair value of financial instruments

Fair value is the amount for which a financial instrument could be exchanged, or a liability settled between, willing parties during current transaction, other than in a forced sale or liquidation, and is best evidenced through a quoted market price, if one exists.
The Group determined fair value of financial instruments by using available market information and appropriate valuation methods. However, evaluating the market information and forecasting the real values requires interpretation. As a result, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

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

Monetary assets

Foreign currency transactions are translated into Turkish lira using the exchange rates prevailing at the dates of the transactions. Monetary assets denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Monetary assets denominated in foreign currencies are considered to approximate their respective carrying values.

Carrying values of significant portion of cash and cash equivalents, accrued interests and other financial assets are carried at cost which are assumed to reflect their fair values due to their short-term nature and insignificant credit risk. The carrying values of receivables estimated that reflecting the fair value less provision for doubtful receivables in the accompanying consolidated financial statements.

Monetary liabilities

Foreign currency transactions are translated into Turkish lira using the exchange rates prevailing at the dates of the transactions. Monetary liabilities denominated in foreign currencies are translated using the exchange rates at the balance sheet date. Monetary liabilities and trade payables denominated in foreign currencies are considered to approximate their respective carrying values.

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. Bank borrowings are expressed with discounted cost and transaction costs are added to the initial cost of the loan. The fair values of the loans after discount are considered to be approximate to their corresponding carrying values. In addition, it is considered that the fair values of the trade payables are approximate to their respective carrying value due to their short-term nature.

Fair value estimate

The Group has applied the amendment to TFRS 7 for financial instruments carried at fair value in the consolidated statement of financial position effective from 1 January 2019.

Fair value measurements hierarchy table

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

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

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);

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

It is estimated that the fair values of balances denominated in foreign currencies are translated at year-end exchange rates and considered that approximate their carrying values.

It is estimated that the carrying values of financial assets, such as cash and cash equivalents, at discounted cost are approximate to their fair values due to their short-term nature.

Trade receivables and payables are carried at discounted costs using the effective interest method. Thus, it is estimated that their carrying values are considered to approximate their fair values.

NOTE 40 - EVENTS AFTER THE REPORTING PERIOD

None.

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

None.