

**Despec Bilgisayar Pazarlama ve Ticaret A.Ş**

**Financial Statements as of and for The Year  
Ended December 31, 2019 Together with  
Independent Auditors' Report**

**(Convenience translation of the independent auditors' report and  
financial statements originally issued in Turkish)**

**DESPEC BİGİSAYAR PAZARLAMA VE TİCARET A.Ş**  
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## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the Board of Directors of Despec Bilgisayar Pazarlama ve Ticaret Anonim Şirketi;

### A) Audit of the Financial Statements

#### 1) Opinion

We have audited the accompanying statement of financial position of **Despec Bilgisayar Pazarlama ve Ticaret Anonim Şirketi** (the Company) as at December 31, 2019 and the related statement of profit or loss and statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the **Despec Bilgisayar Pazarlama ve Ticaret Anonim Şirketi** as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TAS").

#### 2) Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3) Key Audit Matters

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





<b>Recoverability of Trade Receivables</b>	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>Balance of the trade receivables is amount to TRY 95.610.538, and account for 63,30 percent of total assets. Provisions for doubtful trade receivables is amount to TRY 2.456.506 within this account group. Certain estimation and policy has been used to calculate recoverable amount of trade receivables and determined necessary provision for trade receivables. Trade receivable account group and its recoverability were chosen as a key audit matter due to the significance in financial statements.</p> <p>The Company's accounting policies, amounts and guarantees related to trade receivables explained in <b>Note: 10</b> and <b>Note: 38</b>.</p>	<p>Almost all of the sales are made via retailer channel and our audit procedures consist of confirmation customer outstanding balances and test whether the appropriate provision has been made for uncollectable receivables.</p> <p>Third party confirmations of customer outstanding balances have been made and accuracy of the balances have been confirmed.</p> <p>The Company's credit risk management based on analyzing the aging report of customers' outstanding balances. In this context, we have evaluated provisions appropriateness according to aging reports, economic conditions, historical collection trend, filed lawsuits, execution proceedings and guarantees received.</p> <p>We have audited the outstanding balance of customers in respect of foreign currency valuation, discounts calculation (Unearned financial income from credit sales), other valuation, etc.</p>

<b>Inventory and Recoverability of inventory</b>	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>Balance of the inventories is amount to TRY 41.620.829, and account for 27,55 percent of total assets. Provision for inventories amount to TRY 1.259.270 within this group. Products in the company's inventory are subject to the risk of being impaired due to the rapid technological development and changes in the market. The Company Management uses certain estimates and policies to determine the provision to reduce obsolescent inventories and slow moving inventory items to net realizable value. Existence of inventories and net realizable amount has been determined as a key audit matter due to the importance of inventory account.</p> <p>The Company's accounting policies and amounts related to inventory explained in <b>Note: 2.05.02</b> and <b>Note: 13</b>.</p>	<p>Our audit procedures base on to evaluate the Company's inventories do exist and net realizable amount of the inventories.</p> <p>In this context; we participate year end inventory checking to confirm the inventories do exist. In addition we audit documents related with purchasing inventories during the year.</p> <p>Provision for inventory impairment recognized for the purpose of lower cost of inventories to their net realizable amount. We tested the Company's policy related with inventory impairment by turnover days of inventories.</p> <p>Provision for net realizable amount decided according to changes in gross profit in whole or by product base.</p> <p>The inventory valuation method of the Company has been confirmed with controlling sample inventory cards.</p>





<b>Revenue Recognition</b>	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>Major part of Company revenue consist of Information Technology ("IT") consumption products (toner, ink cartridge, printer tape, backup products, paper products, accessories and etc.)</p> <p>Revenue shall recognized when the Company has transferred the significant risks and rewards of ownership to the buyer according to importance of matching principle and the purpose of presenting financial statements' correctly; therefore we determined revenue recognition as a key audit matter.</p> <p>The Company's accounting policies and amounts related to revenue explained in <b>Note: 2.05.01</b> and <b>Note: 28</b>.</p>	<p>According to the nature of the Company's operation; there is risk that goods have been invoiced and have not been delivered. We applied following procedures to audit sales and cost of sales recognized according to matching principle that both transaction realized in same period.</p> <p>We focus on sales that invoiced but unearned by analyzing the Company's procedures on sales and delivery terms.</p> <p>We evaluate the Company's delivery notes, other delivery documents and sale invoices by comparing them with each other on sampling method to evaluate sales and cost of sales recognized in same period.</p> <p>We controlled that the turnover premium incomes obtained from the suppliers and the turnover premium expenses netted from the turnover premium incomes are recognized in the right period.</p> <p>We tested that if there was any significant amount of sales return after the date of financial statement.</p> <p>In addition to the above, we assessed whether revenue note (<b>Note: 2.05.01, Note:28</b>) was sufficient according to TFRS 15.</p>

#### 4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with TAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### 5) Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:





- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control..
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- Responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with all relationships and other matters that may reasonably be thought be near independence, and where applicable related safe guards.

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





**B) Other Responsibilities Arising From Regulatory Requirements**

- 1) Auditors' report on Risk Management System and Committee prepared in accordance with subparagraph 4, Article 398 of Turkish Commercial Code no. 6102 ("TCC") is submitted to the Board of Directors of the Company on February 26, 2020.
- 2) In accordance with subparagraph 4, Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2019 and financial statements are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
- 3) In accordance with subparagraph 4, Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

**MGI BAĞIMSIZ DENETİM A.Ş.**  
**A Member of MGI WORLDWIDE**



**GAMZE TÜRKİN AKSU**  
**Principal Auditor in Charge**  
**(Istanbul, February 26, 2020 )**

## STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) (TL)

	Notes	Audited Current Period December 31,2019	Audited Previous Period December 31, 2018
<b>ASSETS</b>			
<b>Current Assets</b>		<b>147.916.921</b>	<b>117.300.441</b>
Cash and Cash Equivalents	6	2.505.542	1.540.700
Financial Investments	7	135.519	83.407
Trade Receivables	10	95.610.538	83.753.859
- Due from related parties	10-37	18.004	-
- Trade receivables, third parties	10	95.592.534	83.753.859
Other Receivables	11	372.632	40.776
- Due from related parties	11-37	-	-
- Other Receivables, third parties	11	372.632	40.776
Derivative Instruments	12	153.862	-
Inventories	13	41.620.829	27.981.668
Prepaid Expenses	15	5.679.401	2.121.428
Current Tax Assets	25	-	-
Other Current Assets	26	1.838.598	1.778.603
<b>(Subtotal)</b>		<b>147.916.921</b>	<b>117.300.441</b>
<b>Non-Current Assets</b>		<b>3.116.223</b>	<b>2.159.097</b>
Financial Investments	7	-	-
Investment Properties	17	242.530	247.210
Property, Plant and Equipment	18	114.909	218.729
Right of Use Assets	18	977.972	-
Intangible Assets	19	385.903	427.938
- Other Intangible Assets	19	385.903	427.938
Deferred Tax Assets	35	1.394.909	1.265.220
<b>TOTAL ASSETS</b>		<b>151.033.144</b>	<b>119.459.538</b>





## STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) (TL)

	Notes	Audited Current Period December 31, 2019	Audited Previous Period December 31, 2018
<b>LIABILITIES</b>			
<b>Short-Term Liabilities</b>		<b>71.926.959</b>	<b>41.626.976</b>
Short-Term Financial Liabilities	8	37.500.781	12.824.836
Trade Payables	10	29.889.327	23.413.390
- Due to related parties	10-37	1.336.945	511.011
- Trade payables, third parties	10	28.552.382	22.902.379
Employee benefit obligations	20	115.293	65.138
Other payables	11	152.907	458.668
- Due to related parties	11-37	-	-
- Other payables, third parties	11	152.907	458.668
Derivative instruments	12	-	1.073.209
Deferred Income	15	1.526.512	296.471
Current income tax liabilities	35	1.263.549	214.011
Provisions	22	1.478.590	3.281.253
- Provisions for Employee Benefits		-	-
- Other current liabilities	22	1.478.590	3.281.253
<b>(Subtotal)</b>		<b>71.926.959</b>	<b>41.626.976</b>
<b>Long-Term liabilities</b>		<b>1.216.201</b>	<b>394.983</b>
Financial liabilities	8	725.832	-
Provisions	24	490.369	394.983
- Provision for employee benefits	24	490.369	394.983
Deferred tax liabilities	35	-	-
<b>EQUITY</b>		<b>77.889.984</b>	<b>77.437.579</b>
<b>Equity holders of the parent</b>	27	<b>77.889.984</b>	<b>77.437.579</b>
Paid-in capital		23.000.000	23.000.000
Adjustment to share capital		437.133	437.133
Shares buyback(-)		-	-
Share premium/discount		2.967.707	2.967.707
Other accumulated comprehensive income and expense not to be reclassified to profit or loss		(126.374)	(114.808)
- Actuarial gain/loss arising from defined benefit plans		(126.374)	(114.808)
Other accumulated comprehensive income and expense to be reclassified to profit or loss		606.110	606.110
- Currency translation differences		606.110	606.110
- Gains/ losses on hedge		-	-
Restricted reserves		9.611.418	8.526.418
- Legal Reserves		9.611.418	8.526.418
Retained Earnings		28.930.019	21.215.589
Net Profit/(Loss)		12.463.971	20.799.430
Non-controlling interest	27	-	-
<b>Total liabilities and equity</b>		<b>151.033.144</b>	<b>119.459.538</b>

The accompanying notes are integral parts of the financial statements.



PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
STATEMENTS (TL)

		Audited January 1,2019 December 31,2019	Audited January 1,2018 December 31,2018
<b>STATEMENT OF PROFIT OR LOSS</b>			
Net Sales	28	280.482.155	346.523.174
Cost of sales(-)	28	(255.720.098)	(317.464.707)
<b>GROSS PROFIT (LOSS) FROM TRADE OPERATION</b>		<b>24.762.057</b>	<b>29.058.467</b>
<b>GROSS PROFIT/LOSS</b>		<b>24.762.057</b>	<b>29.058.467</b>
General Administrative Expenses (-)	29	(5.595.833)	(3.934.733)
Marketing, Sales and Distribution (-)	29	(5.155.144)	(5.792.288)
Other income from operating activities	31	18.689.946	16.792.883
Other expenses from operating activities	31	(13.449.908)	(9.114.627)
<b>OPERATION PROFIT / (LOSS)</b>		<b>19.251.118</b>	<b>27.009.702</b>
Income from Investment Activities	32	6.067	14.470
Expenses from Investment Activities (-)	32	-	-
<b>OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSE</b>		<b>19.257.185</b>	<b>27.024.172</b>
Financial Income	33	597.675	6.919.223
Financial Expenses (-)	33	(3.892.197)	(7.314.831)
<b>PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX</b>		<b>15.962.663</b>	<b>26.628.564</b>
<b>Tax income/(expense), continuing operations</b>		<b>(3.498.692)</b>	<b>(5.829.134)</b>
- Tax Income /(Expense)	35	(3.625.489)	(6.369.117)
- Deferred Tax Income / (Expense)	35	126.797	539.983
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>12.463.971</b>	<b>20.799.430</b>
<b>Net Profit (Loss)</b>		<b>12.463.971</b>	<b>20.799.430</b>
<b>Profit (loss), attributable to</b>		<b>12.463.971</b>	<b>20.799.430</b>
Noncontrolling Interests	27	-	-
Equity Holders Of The Parent	27	12.463.971	20.799.430
<b>Basic earnings per share</b>	36	0,541912	0,904323
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Other comprehensive income not to be reclassified to profit or loss</b>		<b>(11.566)</b>	<b>(56.668)</b>
Actuarial gain/loss arising from defined benefit plans		(14.458)	(70.835)
Other comprehensive income not to be reclassified to profit or loss, tax effect		2.892	14.167
- Deferred Tax Income/(Expense)		2.892	14.167
<b>Other comprehensive income to be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>
Currency translation differences		-	-
Gains (losses) on cash flow hedges	27	-	-
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(11.566)</b>	<b>(56.668)</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>12.452.405</b>	<b>20.742.762</b>
<b>Comprehensive Income/Expenses Attributable to</b>		<b>-</b>	<b>-</b>
Non-controlling Interests		-	-
Owners of Parent		12.452.405	20.742.762

The accompanying notes are integral parts of the financial statements.





## CHANGES IN SHAREHOLDER'S EQUITY STATEMENT(TL)

					Other Comprehensive Income/(Expense) not to be Reclassified to Profit or Loss		Other Comprehensive Income/(Expense) to be Reclassified to Profit or Loss			Accumulated Profit		Current Period Net Profit Or Loss	Equity
	Notes	Paid in Capital	Capital Translation Differences	Share Premiums/ Discounts	Defined Benefit Plans and Revaluation and Gain/Loss Arising from Measurement	Other Gains/ (Losses)	Currency Translation Differences	Gains/ (Losses) on Hedge	Other Gains/ (Losses)	Restricted Reserves	Prior Years' Profits or Losses		
<b>Audited</b>													
<b>January 1,2019</b>	<b>Note-27</b>	<b>23.000.000</b>	<b>437.133</b>	<b>2.967.707</b>	<b>(114.808)</b>	<b>-</b>	<b>606.110</b>	<b>-</b>	<b>-</b>	<b>8.526.418</b>	<b>21.215.589</b>	<b>20.799.430</b>	<b>77.437.579</b>
Adjustments Related to Accounting Policy Changes		-	-	-	-	-	-	-	-	-	-	-	-
Effect on changing policy of TFRS 9, net		-	-	-	-	-	-	-	-	-	-	-	-
<b>Currently Stated</b>		<b>23.000.000</b>	<b>437.133</b>	<b>2.967.707</b>	<b>(114.808)</b>	<b>-</b>	<b>606.110</b>	<b>-</b>	<b>-</b>	<b>8.526.418</b>	<b>21.215.589</b>	<b>20.799.430</b>	<b>77.437.579</b>
Transfers		-	-	-	-	-	-	-	-	1.085.000	19.714.430	(20.799.430)	-
<b>Total Comprehensive Income</b>		-	-	-	<b>(11.566)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.463.971</b>	<b>12.452.405</b>
Net Current Profit		-	-	-	-	-	-	-	-	-	-	12.463.971	12.463.971
Other comprehensive income (Expense))		-	-	-	(11.566)	-	-	-	-	-	-	-	(11.566)
Dividends Paid		-	-	-	-	-	-	-	-	-	(12.000.000)	-	(12.000.000)
<b>December 31,2019</b>	<b>Note-27</b>	<b>23.000.000</b>	<b>437.133</b>	<b>2.967.707</b>	<b>(126.374)</b>	<b>-</b>	<b>606.110</b>	<b>-</b>	<b>-</b>	<b>9.611.418</b>	<b>28.930.019</b>	<b>12.463.971</b>	<b>77.889.984</b>
<b>Audited</b>													
<b>January 1,2018</b>	<b>Note-27</b>	<b>23.000.000</b>	<b>437.133</b>	<b>2.967.707</b>	<b>(58.140)</b>	<b>-</b>	<b>606.110</b>	<b>-</b>	<b>-</b>	<b>8.439.543</b>	<b>12.965.503</b>	<b>8.395.516</b>	<b>56.753.372</b>
Adjustments Related to Accounting Policy Changes		-	-	-	-	-	-	-	-	-	-	-	-
Effect on changing policy of TFRS 9, net		-	-	-	-	-	-	-	-	-	(58.555)	-	(58.555)
<b>Currently Stated</b>		<b>23.000.000</b>	<b>437.133</b>	<b>2.967.707</b>	<b>(58.140)</b>	<b>-</b>	<b>606.110</b>	<b>-</b>	<b>-</b>	<b>8.439.543</b>	<b>12.906.948</b>	<b>8.395.516</b>	<b>56.694.817</b>
Transfers		-	-	-	-	-	-	-	-	86.875	8.308.641	(8.395.516)	-
<b>Total Comprehensive Income</b>		-	-	-	<b>(56.668)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20.799.430</b>	<b>20.742.762</b>
Net Current Profit		-	-	-	-	-	-	-	-	-	-	20.799.430	20.799.430
Other comprehensive income (Expense)		-	-	-	(56.668)	-	-	-	-	-	-	-	(56.668)
Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-
<b>December 31,2018</b>	<b>Note-27</b>	<b>23.000.000</b>	<b>437.133</b>	<b>2.967.707</b>	<b>(114.808)</b>	<b>-</b>	<b>606.110</b>	<b>-</b>	<b>-</b>	<b>8.526.418</b>	<b>21.215.589</b>	<b>20.799.430</b>	<b>77.437.579</b>

The accompanying notes are integral parts of the financial statements.



## CASH FLOW STATEMENT (TL)

Notes	Audited Current Period	Audited Previous Period
	January 1, 2019 December 31, 2019	January 1, 2018 December 31, 2018
<b>A. CASH FLOWS FROM OPERATIONS ACTIVITIES</b>		
Net Profit / (Loss)	(9.610.957)	11.595.840
Adjustments to Reconcile Profit (Loss)	12.463.971	20.799.430
Adjustments for depreciation and amortisation expense	3.355.002	11.431.101
Adjustments for Impairment Loss (Reversal of Impairment Loss)	17-18-19	568.897
Adjustments for Provision (Reversal of Provision) of Receivables	10	421.742
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	13	181.982
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Property , Plant and Equipment	17-18-19	239.760
Adjustments for Provisions		-
Adjustments for (Reversal of) Provisions Related with Employee Benefits	24	(1.599.953)
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	22	202.710
Adjustments for (Reversal of) Other Provisions	22	5.577
Adjustments for Interest (Income) Expenses		(1.808.240)
Adjustments for Interest Income	31-33	(348.577)
Adjustments for Interest Expense	31-33	(5.822.173)
Deferred Financial Expense from Credit Purchases	10	5.757.869
Unearned Financial Income from Credit Sales	10	113.680
Adjustments for Tax (Income) Expenses	35	(397.953)
Other Adjustments to Reconcile profit (loss)	26	3.498.692
Changes in Working Capital		814.201
Adjustments for Decrease (increase) in Trade Accounts Receivable	10	(19.794.989)
Adjustments for Decrease (Increase) in Other Receivables Related with Operations	11	(11.640.708)
Adjustments for Decrease (increase) in Inventories	13	(331.856)
Adjustments for Increase (decrease) in Trade Accounts Payable	10	(13.878.921)
Adjustments for Increase (decrease) in Other Operating Payables	11	6.362.257
Cash Flows From (Used in) Operations		(305.761)
Employee Termination Benefit Paid	24	(3.976.016)
Income Taxes Refund (paid)	35	(121.782)
Other inFlows (outflows) of Cash		(2.575.951)
<b>B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		(2.937.208)
Proceeds From Sales of Property, Plant, Equipment and Intangible Assets		(89.541)
Proceeds From Sales of Property, Plant and Equipment	18-19	-
Proceeds From Sales of Intangible Assets		-
Purchase of Property, Plant, Equipment and Intangible Assets		(89.541)
Purchase of Property, Plant and Equipment	18	(89.541)
Purchase of Intangible Assets	19	-
Investment Property (-)		-
<b>C. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		10.665.778
Proceeds from Borrowings	8	69.191.782
Proceeds from Loans	8	69.191.782
Repayments of Borrowings	8	(44.846.618)
Loan Repayments	8	(44.846.618)
Payments of Lease Liabilities	8	(430.288)
Dividends Paid		(12.000.000)
Interest Paid	31-33	(1.249.098)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES</b>		965.280
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		965.280
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	6	1.540.240
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	2.505.520

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





## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

### NOTE 1 ORGANISATION AND NATURE OF OPERATIONS

Despec Bilgisayar Pazarlama ve Ticaret A.Ş. ("Despec", or "Company"), carries out distribution services of almost all kinds of Information Technology ("IT") consumption products (toner, ink cartridge, printer tape, backup products, paper products, accessories, mobile phone and etc) to computer companies and office supply stores countrywide in Turkey through its well organized distribution network The Company, which was established with the on January 4, 1995 changed its title to İndeks Teknolojik Ürünler Dağıtım A.Ş. on August 2, 1995 and to Despec Bilgisayar Pazarlama ve Ticaret A.Ş. on October 10, 1998 The company started its activities mainly towards the end of 1998. . Despec Bilgisayar Pazarlama ve Ticaret A.Ş. carries out sales and distribution of the products in its portfolio through sales teams employed in branches in Head Office İstanbul and Ankara using the warehouses in mentioned cities.

Company's share capital and ownership structure as of December 31, 2019 and December 31, 2018, are as follows:

Shareholder	December 31, 2019		December 31, 2018	
	Share Percentage%	Share Amount	Share Percentage%	Share Amount
Desbil Teknolojik Ürünler A.Ş.	% 41,23	9.482.262	% 31,23	7.182.262
Despec International FZCO	-	-	% 18,00	4.140.000
Nevres Erol Bilecik	% 7,84	1.803.996	-	-
Public (*)	% 50,87	11.699.006	% 50,69	11.659.006
Other	% 0,06	14.736	% 0,08	18.732
<b>Total</b>	<b>%100</b>	<b>23.000.000</b>	<b>%100</b>	<b>23.000.000</b>

(\*) 225.994 of public shares belong to Desbil Teknolojik Ürünler A.Ş. The share in the public part is 41.23%.

A major part of Despec sales consists of Canon, HP and Trust products. Other products distributed by the Company are of brands of Steelseries, Epson, Xerox, IBM, Lexmark, Targus, Samsung, Belkin, Jabra, Apple.

Company's branch in Ankara, when its Headquarters office operations maintain in Ayazağa/Sarıyer/İstanbul.

Significant risks relating to the sector are as follows:

a- Credit Risk: Capital structure of dealer channel, which is determined as classical dealer in distribution network is low. Not only the ownership these retailers (around 3.000) are handed over frequently, but also their closing and opening rates are significantly high.

b- Sectoral Competition: Manufacturing companies in operating sector are in intense competition in brand and product bases worldwide. The effects of competitive medium created by these companies also affect the prices in national markets. This creates significant risks to companies which don't have strong financial structures.

c- Foreign Exchange Rate Risk: Most of the IT byproducts are either imported or purchased domestically using foreign currencies or TL. During acquisition of products the companies are usually indebted in foreign currencies and payments are also made in same currencies. The companies which do not adopt their sales policies using currencies in which they purchase the products may encounter foreign exchange losses if rates increase.

d- The distribution agreements made with producers are not exclusive: There is no mutual exclusivity in distributorship agreements made with producer companies. In distributorship agreements according to market conditions producers can assign other distributorships, whereas in the meantime distributors can also sign distributorship agreements with other producers.

Based on the facts that the Company is active in the sector for many years and maintains a high level of knowhow, the Company management considers the risk of agreement cancellation is extremely low.

e- Amendments made in import regimes: The amendments made by governments in some periods regarding import regimes may affect import both positively and negatively.





## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

The addresses of the Company's main office and branches are as follows:

**Main Office:** Ayazağa Mahallesi Mimar Sinan Sokak No:21 Seba Office Boulevard D Blok Kat: 1 Bölüm No:9 Sarıyer, 34485 İstanbul. The Company also has branch in Ankara

**Branch Addresses is as follows:**

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

The average number of employees of the Company as of December 31, 2019 is: 26 (December 31, 2018 is :32). All of the employees are assigned with administrative duties.

### NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.01 Basis of presentation

The Company maintains its books of accounts and statutory financial statement in accordance with Turkish Commercial Code and accounting principles determined in tax legislations. Accompanying financial statements include adjustments and classifications made on legal books in line with the generally accepted accounting principles issued by Capital Markets Boards (CMB).

The accompanying financial statements are prepared in accordance with Capital Market Board's Communiqué "Principles of Financial Reporting in Capital Markets" ("Communiqué") which was published in the Official Gazette dated June 13, 2013 and numbered 28676 Series: II, No. 14.1 and that communiqué was repealed.

The Company is applied in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS / TFRS") and its addendum and interpretations issued by Public Oversight Accounting. In accordance with CMB's code article 14. Decisions are made as determining the implementation by committee for financial reporting principle, procedures and principles, providing apparentness and comprehensible or providing secure uniformity of implementation. Corporates are required to comply with this decision.

The accompanying financial statements are prepared in accordance with communiqué numbered II-14.1, financial statements and footnotes are presented according to the formats which must be applied dated June 7, 2013 by CMB.

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No: 14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, consolidated financial statements are prepared in accordance with the Turkish Accounting Standard issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC"). The accompanying consolidated financial statements are prepared in accordance with resolution No. 30 TAS taxonomy published by POA on 2 June 2016 and in accordance with the TAS taxonomy announced by POA as current "2019 TFRS" including TFRS-15 Revenue from contracts with customers and TFRS-16 Leases on 15 April 2019.

The accompanying financial statements were approved by its Board of Directors for the period as of date February 26, 2020. Board of Directors has the authority to change the financial statements. The non-monetary items present in the December 31, 2019 financial statements have been accepted as the USD currency until June 30, 2013. The transactions in the non-monetary items that take place after this date are recorded in TL due to the change in the functional currency to the TL currency.

#### 2.02 Dealing with the Inflation Effects in Hyper-Inflationary Periods

According to the decision dated March 17, 2005 with No:11/367 made by the CMB, the inflation accounting is no longer effective for the periods after January 1, 2005 for the companies that are operating in Turkey and preparing financial statements in accordance with CMB standards. Therefore, practise of International Accounting Standards 29 "Financial Reporting on Hyper-Inflationist Economies" ended after January 01, 2005.

#### 2.03 Changes in Accounting Policies

The changes to the current accounting policies can be performed if it is necessary or the changes will provide more appropriate and reliable presentation of the transactions and events related to the financial position, performance and the cash flow of the Company that affect the financial statements of the Company. If the changes in accounting policies affects the prior periods, policy is applied to the prior period financial statements as if it is applied before.





## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

As of the reporting date, There has been no change in the accounting policies of the Company except for the following change.

### TFRS 16- Leases

In April 2018, POA has published a new standard, TFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. TFRS 16 supersedes TAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset **Note:18**) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

Lessees are required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). Under these circumstances, the lessee recognises the amount of the revaluation of the lease liability as an adjustment to the right-of-use asset.

### 2.04 Changes in Accounting Estimates and Errors

Accounting estimates are made based on reliable information and using appropriate estimation methods. However, if new or additional information becomes available or the circumstances, which the initial estimates based on, change, then the estimates are reviewed and revised, if necessary. If the change in the accounting estimates is only related to a sole period, then only that period's financial statements are adjusted. On the other hand, if the amendments are related to the current as well as the forthcoming periods, then both current and forthcoming periods' financial statements are adjusted.

In instances where the accounting estimates affect both current and forthcoming periods, then description and monetary value of the estimate is disclosed in the notes to the financial statements. However; if the affect of the accounting estimate to the financial statement is not determinable, then it is not disclosed in the notes to the financial statements. The Company management uses accounting estimates related to issues such as determination of useful lives of tangible and intangible assets, actuarial assumptions used in termination indemnity calculation, provisions for pending law suits and proceedings in favor of and/or against the Company and provisions for decrease in value of inventories. Detailed explanations on the used estimates were made the following changes in the accounting estimates used in the related notes located below.

TAS 21 The Effects of Changes in Foreign Exchange Rates Standard defines that functional currency is the currency of the primary economic environment in which the entity operates. The primary economic environment in which an entity operates is normally the one in which it primarily generates and expends cash. An entity considers the following factors in determining its functional currency; the currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services and the currency that mainly influences labor, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled). The Company Management reviews accounting estimations about functional currency and accounting policies in every period.

TAS 19 In accordance with the revised standard, actuarial gain / loss related to employee benefits which were stated in profit or loss in the previous periods were recognized in other comprehensive income.





## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

### Important Accounting Evaluations, Estimations and Assumptions

During preparation of financial statements Company management makes assumptions and estimates effecting the amounts of reported assets and liabilities, which effect contingent liabilities and commitments as of balance sheet date and income and expense items as of reporting period. Actual results may differ from the estimations made.

Estimates are reviewed regularly and when it is required necessary adjustments are reflected to the financial statements in the period they are realized.

Assumptions made taking the basic reasons of interpretations, which can affect the amounts presented in the financial statements significantly and estimates which exist as of balance sheet date or are expected to occur in the future, into consideration, are explained in the following paragraphs:

- Actuarial assumptions relating to Termination Indemnity Liabilities ( Discount rates, expected salary increases and reassignment rates of employees). (Note:24)
- The Company calculates depreciation according to straight line method according to the useful lives of fixed assets. The expected useful lives residual values and depreciation method is reviewed annually for any changes in estimates and proactively adjusted in case of any changes. There were not any changes in estimates related with depreciation calculations.(Note:18-19)
- The Company makes provision for receivable when there conditions indicate that collectability of these receivables are dubious whether there are not any legal processes initiated related to these receivables or not. The Company receives guarantees for receivables from companies which are considered to carry collection risks. (Note:10)
- The inventories are reflected to the financial statements with the lesser of cost or net realizable value. The effect of technological developments on the inventories of the company are taken into consideration during the calculation of impairment.(Note:13)
- The Company receives commissions from producer Company's according to sales or procurement volumes using predetermined commission rates. The commission incomes are recorded according to accrual basis. (Note:26)

### 2.05 Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the financial statements are as follows:

#### 2.05.01 Revenue Recognition

Revenues, that reflect the goods and/ or services promised to transfer, presented as an expected earning amount. Within the framework of TFRS 15, a 5-step process is applied to record revenue.

- Identification of contracts with customers
- Identification of performance obligations
- Determination of transaction price in the contract
- Allocation of price to performance obligations
- Recognition of revenue when the performance obligations are fulfilled

A major part of Despec sales consists of HP Canon and Trust products.

Other products distributed by the Company are products of Steelseries, Epson, Xerox, IBM, Lexmark, Targus, Samsung, Jabra ,Belkin and Apple'dır. 90 % - 95 % of inventory purchases are provided from the first ten major suppliers.

A major part of procurements of the Company are made directly from producers. The fluctuations in prices which may occur according to market conditions are covered by producer companies to provide price competitiveness. Other than this, losses related to defect products are paid to the Company by producers. Moreover, related to massive procurement of Public Sector or Private Sector companies, special prices are provided by the producers and the best pricing conditions are offered to companies operating in these sectors. In line with the dynamic and changing structure of IT Sector, the Company is supported directly and continuously by producers regarding new products and technologies.





## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

The Company markets and sells the products imported from producers companies, which the Company has signed distributorship agreements. All of the sales are made via retailer channel, which consists of approximately 3.000 retailers, and there are no sales made directly to end users by the Company. Almost 50-65 % of the sales are made through ten major retailers.

When the products in inventories are sold with prices lower than acquisition costs in line with the demand of producers according to their marketing strategies, there are payments made with the explanation of inventory protection. These payments are deducted from the cost of inventories. On the other hand sales commissions obtained in line with the sales volumes are added to sales.

### 2.05.02 Inventory Valuation

Inventories are stated either at the lower of acquisition cost or net realizable value. The Company's inventories consist of, cartridge, toner, tape and paper. The inventory costing method used by the Company is "First in First out (FIFO)". Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The Company also calculates net realizable values of commercial goods and reflects provision for decrease in value when there are indications of value decrease. (Note:13)

### 2.5.03 Property, Plant and Equipment

For Assets acquired in and after 2005, the property, plant and equipment is reflected to the financial statements by deducting their accumulated depreciation from their cost. For assets that were acquired before January 01, 2005, the property, plant and equipment is presented on the financial statements based on their cost value, which is adjusted according to the inflationary effects as of December 31, 2004. Depreciation is calculated using the straight-line method based on their useful lives. The following rates, determined in accordance with the useful lives of the fixed assets, are used in calculation of depreciation.

#### Useful Lives(year)

- Furniture's and Fixtures	3-10
- Motor Vehicles	5-10
- Leasehold Improvements	5-10
- Rights	3-15

If the carrying amount of a property, plant and equipment is more than the expected recoverable amount, the net book value is decreased to recoverable amount by making provision.

The profit and loss arisen from fixed asset sales are determined by comparing the net book value with the sales price and the difference is recorded as operating profit or loss.

### 2.05.04 Intangible Assets

Intangible assets acquired before January 01, 2005 are carried at acquisition costs adjusted for inflation; whereas those purchased in and purchased after January 01, 2005 are carried forward at their acquisition cost less accumulated amortization.

Intangible fixed assets comprise of information systems and software rights expenses. Amortization is calculated using the straight-line method between 3 and 10 years period.

### 2.05.05 Leasing

The Company does not have any financial leasing transaction. The Company is lessee of various operational leases. In operational leases the lessor retains the significant risks and benefits related to the leased asset. Expenses incurred relating to these leases is recorded as expense in the income statement according to straight line method. The most important operational leasing of the Company is the rent for Company center from the related İndeks Bilgisayar Sistemleri Mühendislik Sanayi Ticaret A.Ş. (İndeks A.Ş.) until March 2019. Leasing fees are invoiced monthly. Leasing process is carried out an annual and rents are invoiced as a monthly by İndeks A.Ş. Company's logistic service is invoiced as a monthly by Teklos Teknoloji Lojistik Hizmetleri A.Ş. (Teklos A.Ş.). The purchases from related parties are disclosed in Note: 37.





## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

### 2.05.05.01 The Group- as a lessee

The Company recognises right-of-use assets at the commencement of the lease (i.e., the date of underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any revaluation of lease liabilities.

Lessees have recognition exemptions to applying this standard in case of short-term leases (i.e., leases with a lease term of 12 months or less) and leases of 'low-value' assets (e.g., personal computers, office equipment, etc.). At the commencement date of a lease, a lessee measures the lease liability at the present value of the lease payments that are not paid at that date (i.e., the lease liability), at the same date recognises an asset representing the right to use the underlying asset (i.e., the right-of-use asset **Note:18**) and depreciates it during the lease term. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate. Lessees are required to recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset separately.

### Right-of-Use (ROU) Asset

The right of use asset is initially recognize at cost comprising of

- a) Amount of the initial measurement of the lease liability;
- b) Any lease payment made at or before the commencement date, less any lease incentives received
- c) Any initial direct cost to incurred by the Group
- d) An estimate of cost to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions on the lease (unless those cost are incurred to produce inventories)

The Group re-measure the right of use asset

- a) After netting-off depreciation and reducing impairment losses from right of use asset
- b) Adjusted for certain re-measurements of the lease (liability recognized at the present value.

The Group applies TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment.

### Lease Liability

The lease liability is initially measure at the present value of the lease payment that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease Payments included in the measurement of the lease liability comprise the following::

- Increasing the carrying amount to reflect interest on lease liability
- Reducing the carrying amount to reflect the lease payments made
- Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised substance fixed lease

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Under the terms of transition to IFRS 16, there is no adjustment in equity in the financial statements before January 1, 2019. Considering contracts longer than 12 months for the remaining period, the amount of Usage Right Asset and Usage Right Liability are calculated As of January 1, 2019

IFRS 16 "Leases" statement of financial positions for the period ended are as follows:

### STATEMENT OF FINANCIAL POSITION

	December 31, 2019	Effect of TFRS 16	After Effect on December 31, 2019
Current Assets	147.916.921	-	147.916.921
Non-Current Assets	2.123.470	992.753	3.116.223
<b>TOTAL ASSETS</b>	<b>150.040.391</b>	<b>992.753</b>	<b>151.033.144</b>
Short-Term Liabilities	71.607.634	319.325	71.926.959
Long-Term Liabilities	490.369	725.832	1.216.201
<b>EQUITY</b>	<b>77.942.388</b>	<b>(52.404)</b>	<b>77.889.984</b>
<b>Total liabilities and equity</b>	<b>150.040.391</b>	<b>992.753</b>	<b>151.033.144</b>





**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

**STATEMENT OF PROFIT OR LOSS**

	December 31, 2019	Effect of TFRS 16	After Effect on December 31, 2019
Net Sales	280.482.155	-	280.482.155
Cost of sales(-)	(255.720.098)	-	(255.720.098)
<b>GROSS PROFIT</b>	<b>24.762.057</b>	-	<b>24.762.057</b>
Operating Expense and Income/ Profit from Other Operations	(5.612.406)	101.467	(5.510.939)
<b>OPERATION PROFIT / (LOSS)</b>	<b>19.149.651</b>	<b>101.467</b>	<b>19.251.118</b>
Income/ Expenses from Investment Activities	6.067	-	6.067
<b>OPERATING PROFIT/LOSS BEFORE FINANCIAL INCOME/EXPENSE</b>	<b>19.155.718</b>	<b>101.467</b>	<b>19.257.185</b>
Financial Income/ Expenses (-)	(3.125.870)	(168.652)	(3.294.522)
<b>PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAX</b>	<b>16.029.848</b>	<b>(67.185)</b>	<b>15.962.663</b>
Tax income/(expense), continuing operations	(3.513.473)	14.781	(3.498.692)
<b>Net Profit(Loss)</b>	<b>12.516.375</b>	<b>(52.404)</b>	<b>12.463.971</b>

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

**2.05.06 Impairment of Assets**

Assets that have an indefinite useful life, such as goodwill, are not subject to amortization but they are annually tested for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and 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 that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

**2.05.07 Borrowings Costs**

The borrowing costs are recognized as expense when they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset. The capitalization of borrowing costs as part of the cost of a qualifying asset shall commence, when expenditures and borrowing costs for the asset are incurred, continues until that asset becomes available for sale.

**2.05.08 Financial Instruments****i. Classification and measurement of financial assets and liabilities**

At initial recognition of financial assets to the financial statements classified as:

- measured at amortized cost,
- measured at fair value ("FV") through other comprehensive income ("FVOCI") – debt instruments,
- measured at fair value ("FV") through other comprehensive income – equity instruments,
- measured at fair value ("FV") through profit and loss ("FVTPL"),

Classification of financial assets, generally, base on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

A financial asset shall be measured at amortized cost if both of the following conditions are met and not classified as FV through profit and loss :

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- 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.





## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

A financial asset shall be measured at amortized cost if both of the following conditions are met and not classified as FV through profit and loss :

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

### ii. Impairment of Financial Assets

IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected credit loss” model. The new impairment model applies to financial assets measured at amortized cost and contract assets but not to investments in equity instruments.

The financial assets at amortized cost consist of trade receivables, other receivables and cash and cash equivalents. The Company measures loss allowances at an amount equal to lifetime expected credit losses for trade receivables, other receivables, other assets and contractual assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired include observable data about the following events:

### Write-off

The Company shall reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

This is generally the case when the Company determines that the debtor does not have sufficient sources of income or assets that can repay the amounts subject to write-off. Nevertheless, financial assets that are written-off may still be subject to sanction activities applied by the Company for the recovery of past due receivables.

Financial assets are written-off if there is no expectation of recovery (is the debtor does not restructure its debt with the Company). The Company continues to exercise sanctions in order to recover trade receivables, other receivables, other assets and contractual assets that were written-off; the recovery amounts are recognized in profit or loss.

### 2.05.09 Effects of Currency Fluctuations

All transactions, denominated in foreign currencies, are converted into TL by the exchange rate ruling at the transaction date. All foreign currency denominated monetary assets and liabilities stated at the balance sheet are converted into TL by the exchange rate ruling at the balance sheet date.

### 2.05.10 Earnings per Share

Earnings per share in the income statement is calculated by dividing net income by the weighted average number of common shares outstanding for the period. In Turkey, companies are allowed to increase their share capital by distributing “bonus shares” from retained earnings. These bonus shares are deemed as issued shares while calculating the net earnings per share.

Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this calculation.





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### 2.05.11 Events after the Balance Sheet Date

Events after the Balance Sheet Date cover all events that occur between the balance sheet date and the publication date of the financial statements. If there is substantial evidence that the subsequent events existed or arose after the balance sheet date, these events are disclosed and explained in the notes to the financial statements. **(Note: 40)**

The Company adjusts its financial statements if the above-explained subsequent events require any adjustments.

### 2.05.12 Provisions, Contingent Assets and Liabilities

A provision is recognized when an entity 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 of the amount of the obligation.

Contingent liabilities and assets are not reflected to financial statements but disclosed in the notes to the financial statements. The entity recognizes a provision for the part of the obligation, for which an outflow of resources embodying economic benefits is probable, except in the extremely rare circumstances where no reliable estimate can be made.

### 2.05.13. Related Parties

IAS 24 "Related Parties" defines related parties as the parties which can control the counterparty directly or indirectly through share ownership, rights based on agreement, family relation and etc. or which can affect the decisions of the counterparty significantly. Shareholders and Company management is also considered as related parties. Transactions held with related parties comprise of transfer of resources and liabilities between related parties with or without value.

In the accompanying financial statements shareholders, companies which are indirectly in capital relation with the Company, board of director's members, senior managers and other administrative senior personnel are considered as related parties. Including any manager of the Company (administrative or other), administrative senior personnel are the personnel who have direct or indirect authority and responsibility for activity planning, management and control. Transactions with related parties are disclosed in **Note: 37**.

### 2.05.14 Taxation and Deferred Tax

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

#### Current tax

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

#### Deferred tax

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

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





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

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

### Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income to the income statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognized directly in the equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Taxes stated in financial statements contain changes in current and deferred taxes for the period. Company calculates current period tax and deferred tax over the period results.

### Offsetting Tax Income and Liabilities

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

Corporate tax amounts are offset with prepaid corporate tax as they are related. Deferred tax assets and liabilities are also offset.

#### *2.05.15 Retirement Pay*

According to Turkish Labor Law, employee termination benefit is reflected in the financial statements, when the termination indemnities are deserved. Such payments are considered as being part of defined retirement benefit plan as per TAS No.19 "Employee Benefits".

The retirement benefit obligation recognized in the financial statements represents the present value of the defined benefit obligation as adjusted for unrecognized gains and losses. Interest cost included in retirement pay is presented in retirement pay expense in the income statement.

#### *2.05.16 Cash flow statement*

Cash and cash equivalents are stated at their fair values in the balance sheet. The cash and cash equivalents comprises cash in hand, bank deposits and highly liquid investments.

On cash flow statement, the Company classifies period's cash flows as operating, investment and financing activities. Cash inflow provided from operating activities denotes cash inflow provided from main activities of the Company.

Cash flow concerned with investment activities shows cash used and provided from investment activities (asset investments and financial investments).

Cash flow concerned with investment activities represents sources used from financial activities and pay-back of these funds.

### **2.06 Comparative Information and Adjustment of the Previous Period Financial Statements**

The comparative financial statements have been presented to enable to perform the financial position and the performance trend analysis. All necessary adjustments are made in previous financial statements to present consistent and comparative financial statements, if required.

### **2.07 Offsetting**

The financial assets and liabilities in the financial statements are offset and the net amount reported in the balance sheet, where there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.





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### 2.08 Investment Property

Investment property is classified as property which is held where the main objective is for rent and/or capital gains income. As of the date of the balance sheet the investment property has been reflected in the attached financial tables based on their acquisition price. The company's investment property consists of land (**Note: 17**).

### 2.09 New and Revised International Financial Reporting Standards

#### i) Summary of the new standards, amendments, interpretations and resolutions which are effective as at January 1, 2019;

**TFRS 16 "Leases":** On 13 January 2016, TASB issued the new leasing standard which will replace TAS 17 "Leases", TFRS Interpretation 4 "Determining Whether an Arrangement Contains a Lease", TAS Interpretation 15 "Operating Leases –Incentives", and TAS Interpretation 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease" and consequently changes to TAS 40 "Investment Properties". TFRS 16 "Leases" eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Explanations on the effects of this standard which is published in force in the current period, on the financial statements Note: 2.5 and 2.08.07.

**IAS 19 "Employee Benefits" (Amendments):** On 7 February 2018, IASB issued Plan Amendment, Curtailment or Settlement (Amendments to IAS 19). The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs. A company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI). The amendments are effective for periods beginning on or after 1 January 2019, with earlier application permitted.

**TAS 28 "Long-term Interests in Associates and Joint Ventures" (Amendments):** On December 2017, TASB has issued amendments to TAS 28 to clarify that entities also apply TFRS 9 to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. An entity applies TFRS 9 to such long-term interests before it applies related paragraphs of TAS 28. In applying TFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying TAS 28. These amendments clarify that companies account for long term interests in associate or joint to venture to which the equity method is not applied using IFRS 9.

**IFRIC 23 Interpretation "Uncertainty Over Income Tax Treatments (Interpretation):** The interpretation clarifies how to apply the recognition and measurement requirements in "TAS 12 Income Taxes" when there is uncertainty over income tax treatments. When there is uncertainty over income tax treatments, the interpretation addresses: (a) whether an entity considers uncertain tax treatments separately; (b) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and (d) how an entity considers changes in facts and circumstances. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019.

**TFRS 9 "Financial Instruments" - Prepayment Features with Negative Compensation and modifications of financial liabilities (Amendments):** On December 2017, TASB has issued amendments to TFRS 9 to clarify that financial assets containing prepayment features with negative compensation can now be measured at amortised cost or at fair value through other comprehensive income if they meet the other relevant requirements of TFRS 9. Under TFRS 9, a prepayment option in a financial asset meets this criterion if the prepayment amount substantially represents unpaid amounts of principal and interest, which may include 'reasonable additional compensation' for early termination of the contract.

#### Annual Improvements to IFRSs - 2015-2017 Cycle

The IASB issued Annual Improvements to IFRS Standards 2015–2017 Cycle, amending the following standards:

**IFRS 3 "Business Combinations" ve IFRS 11 "Joint Arrangements" (Amendments):** The amendments to IFRS 3 "Business Combinations" clarify when an entity obtains control of a business that is a joint operation

**IAS 12 "Income Taxes" (Amendments):** Clarify the recognition of income tax consequences of dividends under IAS 12 "Income Taxes". Standard will be effective after December 31, 2018.





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**IAS 23 “Borrowing Costs” (Amendments):** The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. Those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments

In the current period, except for TFRS 16, regulation has not have an impact on the company's financial statements.

**ii) The new standard, Amendments, and interpretations that are not effective or an early adoption is not used by the Company as of December 31, 2019, are as follows:**

**IFRS 3 “Business Combinations” (Amendments):** In May 2019, the PAO issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments: - clarify the minimum requirements for a business; - remove the assessment of whether market participants are capable of replacing any missing elements; - add guidance to help entities assess whether an acquired process is substantive; - narrow the definitions of a business and of outputs; and - introduce an optional fair value concentration test. The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted.

**TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments):** In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

**IFRS 17 The new Standard for insurance contracts (Amendments):** The PAO issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted.

**TAS 1 and TAS 8 Definition of Significance (Amendments):** In June 2019, the PAO issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendments to IAS 1 and IAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

**Amendments address to Conceptual Framework for Financial Reporting (Amendments):** May 2019, TASB issued. Amendments related to reference to conceptual framework in IFRS 2, IFRS 3, IFRS 6, IFRS 14, TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, IFRS Interpretation 12, IFRS Interpretation 19, IFRS Interpretation 20, IFRS Interpretation 22, and IFRS Interpretation (It changed some paragraphs. It effective from annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted.

**IFRS 9, IAS 39 and IFRS 7 Benchmark Interest Rate Reform:** Amendment to IFRS 9 and IAS 39 effective from annual periods beginning on or after 1 January 2019 Facilitating implementations have been provided in four main issues related to benchmark interest rate reform. These practices are related to hedge accounting, summarize;

- The provision regarding the high probability of transactions
- Forthcoming periods reviews
- Retrospectively reviews
- They are separately identifiable risk components.

Exceptions applied to the amendment made in IFRS 9 and TAS 39, in accordance with the regulation in IFRS 7 intended for disclosure in financial statements

The Company is in the process of assessing the impact of the interpretation on financial statements of the company.





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**iii) Summary of the new standards, amendments, and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by POA:**

**Changes in IAS 1 – Classification of liabilities as short and long term (Amendments):** IASB regulate IAS 1 “Presentation of Financial Statements” on January 23, 2020. Amendment to TAS 28, “Investments in associates and joint venture”; effective from annual periods beginning on or after 1 January 2022. These amendments provide explanations to the criteria for the long and short term classification of liabilities. The IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” amendments must applied prospectively and earlier application is permitted.

The Company is in the process of assessing the impact of the interpretation on financial statements of the company.

**NOTE 3 BUSINESS COMBINATIONS**

None.

**NOTE 4 BUSINESS ASSOCIATIONS**

None.

**NOTE 5 SEGMENT REPORTING**

The Company operates solely in information technologies sector and Company management considers that segment reporting is not required.

**NOTE 6 CASH AND CASH EQUIVALENTS**

Cash and Cash Equivalents for the periods ended are as follows

Account Name	December 31, 2019	December 31, 2018
Cash	46.989	54.647
Bank(Demand Deposit)	678.334	568.679
Financial Assets Measured at Amortised Cost(Reverse Repo)	1.591.995	800.460
Credit Card Slips	188.224	116.914
<b>Total</b>	<b>2.505.542</b>	<b>1.540.700</b>

The cash and cash equivalents balance shown in the statement of cash flows is net of interest income accruals, as follows:

Amounting of TL 22 consist of interest income accrual which arising from reverse repo transactions in 1 day maturity. Interest rate of USD reverse repo is % 0,5.

Amounting of TL 460 consist of interest income accrual which arising from reverse repo transactions in 1 day maturity. Interest rate of TL reverse repo is %21.

Account Name	December 31.2019	December 31.2018
Cash and Cash equivalents	2.505.542	1.540.700
Interest Income Accruals (-)	(22)	(460)
<b>Total</b>	<b>2.505.520</b>	<b>1.540.240</b>

Company does not have any term or blocked account. Generally the payments received by credit cards are collected from bank in the following days after the sales. Gain/Loss in exchange differences are reported in Financial Gain/Loss account in Financial Statements.

**NOTE 7 FINANCIAL INVESTMENTS**

The company's short-term and long-term financial investments are as follows:

Account Name	December 31, 2019	December 31, 2018
Stock (Indeks) (*)	135.519	83.407
<b>Total</b>	<b>135.519</b>	<b>83.407</b>

(\*)The Indeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret A.Ş shares found in the above mentioned short term financial investment have been valued based on their market price and have been recorded in the financial statements accordingly.



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According to IFRS 13 *Fair Value Measurement Standard*; when measuring for fair value and relating explanations, in order to increase consistency and comparison, a fair value hierarchy has been created in order to categorize the valuation methods used.

Level 1 inputs are based off of comparing the Company's assets with similar assets or comparing their liabilities with active market quotes. When evaluating the Company's shares the 2. Session of the BIST on December 31, 2019 was used as a basis for measurement.

**NOTE 8 SHORT-TERM AND LONG-TERM FINANCIAL LIABILITIES****December 31, 2019**

Current financial liabilities for the periods ended are as follows:

Account Name	December 31, 2019	December 31, 2018
Bank Loans	37.181.456	12.824.836
Lease Liabilities	319.325	-
<b>Total</b>	<b>37.500.781</b>	<b>12.824.836</b>

**December 31, 2019**

Type	Foreign currency amount	TRY amount	Effective interest rate (%)
<b>Short Term Loans and Leases</b>			
Loans (TL)		37.181.456	10,64-12,18
Lease Liabilities (TL)		214.130	18,00 – 21,00
Lease Liabilities (USD)	17.709	105.195	7,00
<b>Total</b>	<b>17.709</b>	<b>37.500.781</b>	

**December 31, 2018**

Type	Foreign currency amount	TRY amount	Effective interest rate (%)
<b>Short Term Loans</b>			
Loans (TL)		12.824.836	36,5
<b>Total</b>		<b>12.824.836</b>	

**December 31, 2019**

Long Term Financial Liabilities for the periods ended are as follows:

Account Name	December 31, 2019	December 31, 2018
Lease Liabilities	725.832	-
<b>Total</b>	<b>725.832</b>	<b>-</b>

**December 31, 2019**

Type	Foreign currency amount	TRY amount	Effective interest rate (%)
<b>Long Term Leases</b>			
Lease Liabilities (TL)		725.832	18,00 – 21,00
Lease Liabilities (USD)		-	
<b>Total</b>		<b>725.832</b>	

There is not movement in the long term liabilities, As of 31 December 2018,





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Movements of the liabilities are as below:

Account Name	December 31, 2019	December 31, 2018
Balance at January 1	12.824.836	23.879.117
Inflow of principal liabilities	69.191.782	46.252.256
Outflow of principal liabilities	1.045.157	-
Outflow of interest payments	(44.846.618)	(58.013.256)
Interest accruals for the period	11.456	706.719
<b>Balance at Ending</b>	<b>38.226.613</b>	<b>12.824.836</b>

**NOTE 9 OTHER FINANCIAL LIABILITIES**

None.

**NOTE 10 TRADE RECEIVABLES AND PAYABLES**

Short-Term trade receivables as of December 31, 2019 and December 31, 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Trade Receivables	81.071.051	70.857.469
- Due from related parties (Note. 37)	18.004	-
- Others	81.053.047	70.857.469
Notes receivables	15.086.230	13.841.086
Discount on notes receivables (-)	(546.743)	(944.696)
Doubtful trade receivables	2.456.506	2.274.524
Provision for doubtful receivables (-)	(2.456.506)	(2.274.524)
<b>Total</b>	<b>95.610.538</b>	<b>83.753.859</b>

TL 41.841.278 of the total trade receivables in the amount of TL 95.610.538, and TL 35.784.670 of the total receivables in the amount of TL 83.753.859 (Eular Hermes guarantee amount is included.) are under guarantee as of December 31, 2018 and December 31, 2017 respectively. The detailed information relating to quality and level of trade receivables are disclosed in **Note: 38**.

The company has a receivables insurance policy with Euler Hermes Sigorta A.Ş until March 31, 2020 for the accounts receivable which are found within the borders of Turkey. (Guarantee proportion is determined between %80 and %90 for trade receivables credit limit which are demanded.)

-Amount of Euler Hermes guarantee as of December 31, 2019 35.014.097 TL. (December 31, 2018: 28.610.713 TL)

Movement of provision for doubtful receivables is as follows:

	January 1, 2019 December 31, 2019	January 1, 2018 December 31, 2018
Opening balance	2.274.524	2.156.450
Period expense	181.982	118.074
<b>Closing balance</b>	<b>2.456.506</b>	<b>2.274.524</b>

The maturities of trade receivables which is overdue and there is not decline in value are as follows:

	December 31, 2019	December 31, 2018
0-3 months	465.012	477.657
3-12 months	225.084	155.161
<b>Total</b>	<b>690.096</b>	<b>632.818</b>

Current trade payables for the period ended are as follows:

Account Name	December 31, 2019	December 31, 2018
Trade payables	29.517.113	23.654.856
Others	28.180.168	23.143.845
Due to related parties (Note: 37)	1.336.945	511.011
Notes payables	500.000	-
Discount of notes payables (-)	(127.786)	(241.466)
<b>Total</b>	<b>29.889.327</b>	<b>23.413.390</b>



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The Company has no non-current trade receivables.

The average term of collection of trade receivables varies between 70-110 days. The average term of payments varies between 20-35 days. Compound interest rate of domestic government bonds is used as prevailing interest rate for rediscount of trade receivables and payables in TL. Also Libor and Eurobond are used for trade receivables and payables in USD and EURO.

**NOTE 11 OTHER RECEIVABLES AND PAYABLES**

Other current receivables for the period ended are as follows:

Account Name	December 31, 2019	December 31, 2018
Receivables from personnel	318.669	40.776
Deposits and Guarantees Given	53.963	-
<b>Total</b>	<b>372.632</b>	<b>40.776</b>

The Company has no non-current other receivables.

The quality and level of risks in other receivables are explained in **Note: 38**

Current other payables for the periods ended are as follows:

Account Name	December 31, 2019	December 31, 2018
Taxes and other deductions	152.907	458.668
<b>Total</b>	<b>152.907</b>	<b>458.668</b>

**NOTE 12 DERIVATIVE INSTRUMENTS**

Current liabilities for derivative financial assets are as follows

Account Name	December 31, 2019	December 31, 2018
Derivative Financial Receivables	153.862	-
<b>Total</b>	<b>153.862</b>	<b>-</b>

As of December 31, 2019, company has made foreign exchange purchase contracts for the amounts of USD 3.323.300. The maturity of the contracts is 0-3 months. The fair value of the contracts as of December 31, 2019 is TL 19.587.205 and the total amount of valuation difference is TL 153.862 is recognized in the statement of profit

Account Name	December 31, 2019	December 31, 2018
Derivative Financial Payables	-	1.073.209
<b>Total</b>	<b>-</b>	<b>1.073.209</b>

As of December 31, 2018, company has made foreign exchange purchase contracts for the amounts of USD 3.357.800. The maturity of the contracts is 0-3 months. The fair value of the contracts as of December 31, 2018 is TL 18.738.260 and the total amount of valuation difference is TL 1.073.209 is recognized in the statement of profit or loss.

**NOTE 13 INVENTORIES**

Inventories for the periods ended are as follows:

Account Name	December 31, 2019	December 31, 2018
Commercial Goods	32.509.181	24.436.623
Goods in Transit	10.370.918	4.564.555
Decrease in Value of Inventory (-)	(1.259.270)	(1.019.510)
<b>Total</b>	<b>41.620.829</b>	<b>27.981.668</b>

As of December 31,2019 **TL 3.757.976** (December 31,2018 **TL 3.647.986**)is reflected to financial statements with their net realizable values. The remaining inventories are presented at cost.

Inventories whose invoices are received at an earlier date than their physical entry in the warehouses are classified under the account "Goods in Transit".





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Provision for Impairment of Inventory::

	January 1, 2019 December 31, 2019	January 1, 2018 December 31, 2018
Opening Balance (-)	(1.019.510)	(1.483.888)
Cancellation of Provision Due to Increase in Net Realizable Value Net (+)	-	464.378
Provision for the Period(-)	(239.760)	-
<b>Balance at the end of year (-)</b>	<b>(1.259.270)</b>	<b>(1.019.510)</b>

The inventories are presented with the lesser of cost and net realizable value in the financial statements.

There are not any inventories given as a guarantee for payables. The information related to the insurance coverage on assets is disclosed in **Note: 22**

**TL 255.720.098** and **TL 317.464.707** are the costs of goods sold as of December 31, 2019 and December 31, 2018 respectively.

Explanation	December 31, 2019	December 31, 2018
Cost	5.017.246	4.667.496
Provision for Value Decrease in Inventories	1.259.270	1.019.510
Net Realizable Value (a)	3.757.976	3.647.986
Inventory presented with its cost value (b)	37.862.853	24.333.682
<b>Total Inventories (a+b)</b>	<b>41.620.829</b>	<b>27.981.668</b>

**NOTE 14 BIOLOGICAL ASSETS**

None.

**NOTE 15 PREPAID EXPENSES AND DEFERRED INCOME****Short-Term :**

Short-term prepaid expenses as of December 31, 2019 and December 31, 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Prepaid Expenses for Following Months	206.767	167.006
Advances Given	5.472.634	1.954.422
<b>Total</b>	<b>5.679.401</b>	<b>2.121.428</b>

Deferred Incomes as of December 31, 2019 and December 31, 2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Advances Received	170.478	296.471
Income for the following Months	1.356.034	-
<b>Total</b>	<b>1.526.512</b>	<b>296.471</b>

**Long-Term :**

Company has no prepaid expenses as of December 31, 2019 and December 31, 2018.

Company has no deferred incomes as of December 31, 2019 and December 31, 2018.

**NOTE 16 INVESTMENTS EVALUATED BY EQUITY METHOD**

None.

**NOTE 17 INVESTMENT PROPERTY**

The Company's Investment Properties are as follows:

Account Name	December 31, 2019	December 31, 2018
Cost	252.280	252.280
Accumulated Depreciation	(9.750)	(5.070)
<b>Total</b>	<b>242.530</b>	<b>247.210</b>



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

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

Account Name	January 1, 2019	Acquisitions	Disposals (-)	December 31, 2019
Arsalar	18.280	-	-	18.280
Binalar	234.000	-	-	234.000
<b>Toplam</b>	<b>252.280</b>	<b>-</b>	<b>-</b>	<b>252.280</b>

**Accumulated Depreciation**

Account Name	January 1, 2019	Period Depreciation	Disposals (-)	December 31, 2019
Buildings	5.070	4.680	-	9.750
<b>Total</b>	<b>5.070</b>	<b>4.680</b>	<b>-</b>	<b>9.750</b>

<b>Net Value</b>	<b>247.210</b>	<b>242.530</b>
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**December 31, 2018****Cost**

Account Name	January 1, 2018	Acquisitions	Disposals (-)	December 31, 2018
Lands	18.280	-	-	18.280
Buildings	234.000	-	-	234.000
<b>Total</b>	<b>252.280</b>	<b>-</b>	<b>-</b>	<b>252.280</b>

**Accumulated Depreciation**

Account Name	January 1, 2018	Period Depreciation	Disposals (-)	December 31, 2018
Buildings	390	4.680	-	5.070
<b>Total</b>	<b>390</b>	<b>4.680</b>	<b>-</b>	<b>5.070</b>

<b>Net Value</b>	<b>251.890</b>	<b>247.210</b>
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**NOTE 18 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment for the periods ended are as follows:

Account Name	December 31, 2019	December 31, 2018
Cost	1.189.772	1.100.231
Accumulated depreciation	(1.074.863)	(881.502)
<b>Total</b>	<b>114.909</b>	<b>218.729</b>

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

Account Name	January 1, 2019	Acquisitions	Disposals (-)	December 31, 2019
Vehicles	3.505	-	-	3.505
Furniture & Fixtures	502.706	70.801	-	573.507
Leasehold Improvements	594.020	18.740	-	612.760
<b>Total</b>	<b>1.100.231</b>	<b>89.541</b>	<b>-</b>	<b>1.189.772</b>





**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

**Accumulated Depreciation**

Account Name	January 1, 2019	Period Depreciation.	Disposals (-)	December 31, 2019
Vehicles	3.505	-	-	3.505
Furniture & Fixtures	414.241	59.731	-	473.972
Leasehold Improvements	463.756	133.630	-	597.386
<b>Total</b>	<b>881.502</b>	<b>193.361</b>	<b>-</b>	<b>1.074.863</b>
<b>Net Value</b>	<b>218.729</b>			<b>114.909</b>

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

Account Name	January 1, 2018	Acquisitions	Disposals (-)	December 31, 2018
Vehicles	3.505	-	-	3.505
Furniture & Fixtures	454.555	48.151	-	502.706
Leasehold Improvements	525.438	68.582	-	594.020
<b>Total</b>	<b>983.498</b>	<b>116.733</b>	<b>-</b>	<b>1.100.231</b>

**Accumulated Depreciation**

Account Name	January 1, 2018	Period Depreciation.	Disposals (-)	December 31, 2018
Vehicles	3.505	-	-	3.505
Furniture & Fixtures	360.671	53.570	-	414.241
Leasehold Improvements	392.919	70.837	-	463.756
<b>Total</b>	<b>757.095</b>	<b>124.407</b>	<b>-</b>	<b>881.502</b>
<b>Net Value</b>	<b>226.403</b>			<b>218.729</b>

**Other Information:**

Depreciation and amortization expenses are recorded under operational expenses. The insurance coverage on assets is disclosed in **Note: 22**. There are not any liens or other restrictions on assets.

**RIGHT-OF-USE (ROU) ASSET**

Right-of-Use Asset as of December 31, 2019 and December 31, 2018 are as follows:

**December 31, 2019**

Account Name	December 31, 2019	December 31, 2018
Cost	1.280.025	-
Accumulated depreciation	(302.053)	-
<b>Total</b>	<b>977.972</b>	<b>-</b>

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

Account Name	January 1, 2019	First Adaption of TFRS-16	Acquisitions	Disposals / Amortization contracts	December 31, 2019
Buildings	-	718.099	-	-	718.099
Vehicles	-	588.694	-	(26.768)	561.926
<b>Total</b>	<b>-</b>	<b>1.306.793</b>	<b>-</b>	<b>(26.768)</b>	<b>1.280.025</b>



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

**Accumulated Depreciation**

Account Name	January 1, 2019	First Adoption of TFRS-16	Period Depreciation	Disposals / Amortization contracts	December 31, 2019
Buildings	-	-	111.653	-	111.653
Vehicles	-	-	217.168	(26.768)	190.400
<b>Total</b>	-		<b>328.821</b>	<b>(26.768)</b>	<b>302.053</b>
<b>Net Value</b>	-				<b>977.972</b>

**NOTE 19 INTANGIBLE ASSETS**

The Company's Intangible Assets as of the end of the period is as follows

Account Name	December 31, 2019	December 31, 2018
Cost	687.487	687.487
Accumulated Depreciation	(301.584)	(259.549)
<b>Total</b>	<b>385.903</b>	<b>427.938</b>

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

Account Name	January 1, 2019	Acquisitions	Disposals (-)	December 31, 2019
Other Intangible Assets	687.487	-	-	687.487
<b>Total</b>	<b>687.487</b>	-	-	<b>687.487</b>

**Accumulated Depreciation**

Account Name	January 1, 2019	Period Depreciation	Disposals (-)	December 31, 2019
Other Intangible Assets	259.549	42.035	-	301.584
<b>Total</b>	<b>259.549</b>	<b>42.035</b>	-	<b>301.584</b>
<b>Net Value</b>	<b>427.938</b>			<b>385.903</b>

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

Account Name	January 1, 2018	Acquisitions	Disposals (-)	December 31, 2018
Other Intangible Assets	634.040	53.447	-	687.487
<b>Total</b>	<b>634.040</b>	<b>53.447</b>	-	<b>687.487</b>

**Accumulated Depreciation**

Account Name	January 1, 2018	Period Depreciation.	Disposals (-)	December 31, 2018
Other Intangible Assets	213.987	45.562	-	259.549
<b>Total</b>	<b>213.987</b>	<b>45.562</b>	-	<b>259.549</b>
<b>Net Value</b>	<b>420.053</b>			<b>427.938</b>

Depreciation and amortization expenses are recorded under operational expenses.





**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

**NOTE 20 EMPLOYEE BENEFIT OBLIGATIONS**

Employee Benefit obligations as of December 31,2019 and December 31,2018 are as follows:

Account Name	December 31, 2019	December 31, 2018
Payables to Personnel	43.130	-
Social Security Payables	72.163	65.138
<b>Total</b>	<b>115.293</b>	<b>65.138</b>

**NOTE 21 GOVERNMENT GRANTS**

None.

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

Account Name	December 31, 2019	December 31, 2018
Provisions for Price Differences	1.435.528	3.243.768
Provision for Litigations	43.062	37.485
<b>Total</b>	<b>1.478.590</b>	<b>3.281.253</b>

December 31, 2019	Provision for Litigations	Provisions for Price Differences	Total
As of January 1	37.485	3.243.768	3.281.253
Additional Provisions	5.577	1.435.528	1.441.105
Payment	-	(3.243.768)	(3.243.768)
<b>Total</b>	<b>43.062</b>	<b>1.435.528</b>	<b>1.478.590</b>

December 31, 2018	Provision for Litigations	Provisions for Price Differences	Total
As of January 1	33.023	2.061.397	2.094.420
Additional Provisions	4.462	3.243.768	3.248.230
Payment	-	(2.061.397)	(2.061.397)
<b>Total</b>	<b>37.485</b>	<b>3.243.768</b>	<b>3.281.253</b>

*ii) Contingent Assets and Liabilities:*

For the lawsuits initiated against Company, provision is made in financial statements in the amount of **TL 43.062**. (December 31,2018: **TL 37.485**)

Allowance for doubtful receivables arising from lawsuits and TFRS 9 adjusted receivables made in financial statements as **TL 2.456.506**. (December 31, 2018: **2.274.524**)

*iii) Commitments not presented in the Liabilities of the Statement of Financial Position:***December 31, 2019**

	TL	USD	EURO
Guarantee Letters Given	10.199.341	1.000.000	-
<b>TOTAL</b>	<b>10.199.341</b>	<b>1.000.000</b>	-

**December 31, 2018**

	TL	USD	EURO
Guarantee Letters Given	17.687.541	1.000.000	-
<b>TOTAL</b>	<b>17.687.541</b>	<b>1.000.000</b>	-



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

*iv ) The ratio of Mortgages and Guarantees Given to Shareholders' Equity is as follows:*

<b>Mortgages &amp; Guarantees Given by the Company</b>	<b>December 31,2019</b>	<b>December 31,2018</b>
A. Total amount of M&G Given on behalf of the Company	16.139.541	22.948.441
B. Total amount of M&G Given on behalf of the Subsidiaries and Affiliated Companies subject to full consolidation	-	-
C. Total Amount of M&G Given on behalf of the third person liability in order to sustain usual business activities.	-	-
D. Total Amount of other M&G Given	-	-
i. Total Amount of M&G Given on behalf of main shareholder	-	-
ii. Total Amount of M&G Given on behalf of other affiliated companies which can not be classified under section B and C.	-	-
iii. Total Amount of M&G Given on behalf of the third person that cannot be classified under section C.	-	-
<b>Total</b>	<b>16.139.541</b>	<b>22.948.441</b>

The amounts stated above are provisions expressed in Turkish Lira as period ends.

The ratio of Mortgages and Guarantees Given to Shareholders' Equity is 0 %. (December 31, 2018: %0)

*v) Mortgages and Guarantees on Assets:*

There are not any restrictions on assets.

*vi) Total Insurance Coverage on Assets:***December 31, 2019**

<b>Type of Insured Assets</b>	<b>USD</b>	<b>TL</b>
Commercial Goods	5.000.000	-
<b>Total</b>	<b>5.000.000</b>	<b>-</b>

**December 31, 2018**

<b>Type of Insured Assets</b>	<b>USD</b>	<b>TL</b>
Commercial Goods	10.000.000	-
<b>Total</b>	<b>10.000.000</b>	<b>-</b>

**NOTE 23 COMMITMENTS**

None.

**NOTE 24 EMPLOYEE TERMINATION BENEFITS**

<b>Account Name</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Provision for employment termination benefits	490.369	394.983
<b>Total</b>	<b>490.369</b>	<b>394.983</b>

In context of current Labor Law, liability of payment of legal benefit for termination indemnity arises when terminated employment contract is qualified for termination indemnity. In addition, according to currently operated Social Insurance Law making payment to employee, who has the right of severance with termination indemnity, is a legal liability As of January 1st 2020, termination indemnity upper limit is monthly TL 6.730,15 (December 31,2018: TL 6.017,60).

Termination indemnity payable is not subjected to any legal funding.

Termination indemnity payable, is calculated by forecasting the present value of currently working employee's possible future liabilities IAS 19 ("Employee Termination Benefits"), predicts to build up Company's liabilities with using actuarial valuation techniques in context of defined benefit plans. According to these predictions, actuarial assumptions used in calculation of total liabilities are as follows:





**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

Base assumption is the inflation parallel increase of maximum liability of each year Applied discount rate must represent expected real discount rate after the adjustment of future inflation As of December 31,2019, provisions in financial statement are calculated by forecasting the present value of currently working employee's possible future liabilities.

The provisions at the balance sheet dates have been calculated assuming an annual inflation rate of % 8,50 and a discount rate of % 12,50. As a result, the real discount rate is calculated as % 3,69 (December 31, 2018: % 3,51). The assumptions made by the company related to real discount rates are reviewed annually. There were not any changes in discount assumptions in the current period.

The possibility of dismissing regarding termination indemnity liabilities is % 98,28 as of December 31, 2019. (December 31, 2018: % 97,97)

	January 1,2019 December 31, 2019	January 1,2018 December 31, 2018
January 1	394.983	273.796
Current Period Service Cost	52.239	44.156
Interest Cost	49.373	36.962
Actuarial Income/(Loss)	14.458	70.835
Loss Composed on Payment	101.098	85.643
Paid	(121.782)	(116.409)
<b>Closing Balance</b>	<b>490.369</b>	<b>394.983</b>

Provision expense (income) for termination indemnities are recognized the accounts as follows;

Account Name	January 1,2019 December 31, 2019	January 1,2018 December 31, 2018
General Administration Expenses	(202.710)	(166.761)
Other income from operating activities	-	-
The amount accounted in (Profit) / Loss	(202.710)	(166.761)
Actuarial Loss accounted in Other Comprehensive Income	(14.458)	(70.835)
<b>Total Expense/(Income)</b>	<b>(217.168)</b>	<b>(237.596)</b>

According to the regulation under IAS 19 released on January 1, 2013 actuarial losses and gains are to be recorded under other comprehensive income in Shareholder's Equity.

Account Name	January 1,2019 December 31, 2019	January 1,2018 December 31, 2018
Actuarial Loss accounted in Other Comprehensive Income	(14.458)	(70.835)
Tax Effect: % 20	2.892	14.167
<b>Net Value</b>	<b>(11.566)</b>	<b>(56.668)</b>

In the current period actural loss amount was TL 14.458. Deferred tax effect of this amount was also taken into consideration and stated in other comprehensive statement of profit or loss and as a result of this transaction the amount of other comprehensive was TL 11.566.

In the previous period actural accounted was TL 70.835. Deferred tax effect of this amount was also taken into consideration and stated in other comprehensive statement of profit or loss and as a result of this transaction the net amount of other comprehensive was TL 56.668

**NOTE 25 CURRENT INCOME TAX ASSETS and LIABILITIES**

None.

**NOTE 26 OTHER ASSETS AND LIABILITIES**

Other Current Assets for the years ended, are as follows:

Account Name	December 31, 2019	December 31, 2018
Income Accrual for Turnover Premium	945.755	1.759.956
Deferred VAT	873.071	-
Advances Given	19.772	18.647
<b>Total</b>	<b>1.838.598</b>	<b>1.778.603</b>

The Company does not have Other Non-Current Assets as of period ends.

Credit note income related to following months transactions as follows:





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Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

Account Name	December 31, 2019	December 31, 2018
Opening Balance	1.759.956	3.060.060
Current period accrual	44.536.781	47.025.464
Collection / Current account transfer	(45.350.982)	(48.325.568)
<b>Total</b>	<b>945.755</b>	<b>1.759.956</b>

**NOTE 27 EQUITY***i) Non-Controlling Interests*

None.

*ii) Capital / Cross Shareholding Adjustment*

The capital of the Company, which is **TL 23.000.000**, consists of A Group shares issued to the name as paid-in capital is **TL 4.000**, B Group shares issued to the beer as paid-in capital is **TL 22.996.000**.

A Group Shareholders have privilege in Board of Directors Election, B Group Shareholders do not have any privilege. A Group registered shares belong to Desbil Teknolojik Ürünler Dağıtım A.Ş. (The ultimate control of Desbil belongs to Nevres Erol Bilecik).

Capital and shareholder structure of the Company as of December 31, 2019 and December 31, 2018 are as follows;

Shareholder	December 31, 2019		December 31, 2018	
	Share Percentage %	Share Amount	Share Percentage %	Share Amount
Desbil Teknolojik Ürünler A.Ş.	% 41,23	9.482.262	% 31,23	7.182.262
Despec International FZCO	-	-	% 18,00	4.140.000
Nevres Erol Bilecik	% 7,84	1.803.996	-	-
Public Shares(*)	% 50,87	11.699.006	% 50,69	11.659.006
Other	% 0,06	14.736	% 0,08	18.732
<b>Total</b>	<b>%100</b>	<b>23.000.000</b>	<b>%100</b>	<b>23.000.000</b>

(\*) 225.994 of public shares belong to Desbil Teknolojik Ürünler A.Ş. The share in the public part is 41.23%.

Decision of The Board of Directors meeting dated March 14, 2012 and nr. 2012/03, TL **11.500.000** issued capital of the company to be increased to TL **23.000.000** with the rate of 100% on condition that to be in upper limits of TL **25.000.000** registered capital, to be composed increased capital amount as TL **11.500.000** from internal resource.

According to the 9th article of Articles of Association titled "Board of Directors and Term" A Group bearer shareholders have the privilege to determine the members of Board of Directors. When the Board of Directors consist of 5 or 6 members 4, when consists of 7 or 8 members 5 and when consists of 9 members 6 members are nominated from the candidates presented by Group A shareholders.

Even though the B Group shares, which were offered to public gain the majority, since the A Group shareholders have the aforementioned privilege, the management sovereignty will not be lost. In any case the sovereignty will continue to belong to A Group shareholders.

*(iii) Share Premium/Discount*

Capital reserves consist of share issue premiums. There is not movement in the current period.

*(iv) Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss*

Other Comprehensive Income / Expense not to be Reclassified to Profit or Loss for the periods ended, are as follows:

Account Name	December 31, 2019	December 31, 2018
Actuarial Gain/(Loss)	(157.968)	(143.510)
Tax Effect	31.594	28.702
<b>Actuarial Gain/(Loss) (Net)</b>	<b>(126.374)</b>	<b>(114.808)</b>
<b>Revaluation and Gain/Loss Arising from Measurement</b>	<b>(126.374)</b>	<b>(114.808)</b>
<b>Other Comprehensive Income/Expense not to be Reclassified to Profit or (Loss)</b>	<b>(126.374)</b>	<b>(114.808)</b>





**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

Movement Table is as follow;

	December 31, 2019	December 31, 2018
Opening Balance, January 1	(114.808)	(58.140)
Addition (Note:24)	(14.458)	(70.835)
Deferred Tax Offset (-) (Note:24, Note:35)	2.892	14.167
<b>Closing Balance</b>	<b>(126.374)</b>	<b>(114.808)</b>

(v) Other Comprehensive Income/(Expense) to be Reclassified to Profit or (Loss)

Account Name	December 31, 2019	December 31, 2018
Currency Translation Differences	606.110	606.110
<b>Currency Translation Differences (Net)</b>	<b>606.110</b>	<b>606.110</b>
<b>Other Comprehensive Income or (Expense) to be Reclassified in Profit or Loss</b>	<b>606.110</b>	<b>606.110</b>

iv) Restricted Reserves from Profit

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 Company'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.

v) Previous Years' Profits

Profits of previous years consist of extraordinary reserves, lose and profits of other previous years.

Publicly traded companies shall perform dividend distribution in accordance with the Communiqué on Dividends II-19.01 of the Capital Market Board effective. Within the scope of this communiqué, no minimum distribution rate has been determined. Companies shall pay dividends as set out in their profit distribution policies or their article association. Additionally, dividends can be paid via equal or different installments and companies can be distribute dividend advances based on profits at interim 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, otherwise all distributable amount in the statutory accounts are distributed. However, no profit distribution would be made if any financial statements prepared in accordance with the CMB or any statutory accounts carrying net loss for the period.

Equity as of December 31, 2019 and December 31, 2018 are as follows

Account Name	December 31, 2019	December 31, 2018
Capital	23.000.000	23.000.000
Capital Adjustments Differences	437.133	437.133
Share Premium	2.967.707	2.967.707
Other Comprehensive Income/Expense to be Reclassified in Profit/Loss	(126.374)	(114.808)
- Revaluation and Gain/Loss Arising from Measurement	(126.374)	(114.808)
- Hedging (Note:9)	-	-
Foreign Currency Translation Adjustments	606.110	606.110
Restricted Reserves From Profit	9.611.418	8.526.418
- Legal Reserves	9.611.418	8.526.418
Previous Years' Profits	28.930.019	21.215.589
Net Period Loss/ Profit	12.463.971	20.799.430
<b>Total</b>	<b>77.889.984</b>	<b>77.437.579</b>



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

**NOTE 28 SALES AND COST OF SALES**

Sales and cost of sales for the periods ended December 31, 2019 and December 31, 2018 are as follows:

<b>Account Name</b>	<b>January 1, 2019 December 31, 2019</b>	<b>January 1, 2018 December 31, 2018</b>
Domestic Sales	306.797.036	356.617.082
Foreign and Other Sales (-)	1.264.510	5.121.952
Sales Returns (-)	(26.916.667)	(15.021.311)
Sales Discounts and Other Discounts (-)	(662.724)	(194.549)
<b>Net Sales</b>	<b>280.482.155</b>	<b>346.523.174</b>
Cost of Sales (-)	(255.720.098)	(317.464.707)
<b>Gross Profit</b>	<b>24.762.057</b>	<b>29.058.467</b>

Depreciation and amortization expenses are considered as general expenses so they are presented under Operating Expenses.

Provision for impairment of inventory expenses are accounted for under the cost of sales account group.

**NOTE 29 RESEARCH AND DEVELOPMENT, MARKETING, SALES & DISTRIBUTION EXPENSES AND GENEAREAL ADMINISTRATION EXPENSES**

The Operational Expenses for the periods ended December 31, 2019 and December 31, 2018 are as follows:

<b>Account Name</b>	<b>January 1, 2019 December 31, 2019</b>	<b>January 1, 2018 December 31, 2018</b>
General Administration Expenses (-)	(5.595.833)	(3.934.733)
Marketing, Sales & Distribution Expenses (-)	(5.155.144)	(5.792.288)
<b>Total Operating Expenses</b>	<b>(10.750.977)</b>	<b>(9.727.021)</b>

**NOTE 30 EXPENSES BY NATURE**

Expenses By Nature of the Company for the periods ended December 31, 2019 and December 31, 2018 are as follows:

<b>Account Name</b>	<b>January 1, 2019 December 31, 2019</b>	<b>January 1, 2018 December 31, 2018</b>
- Personnel Expenses	(6.081.752)	(4.786.531)
- Transportation and Storage Expenses	(1.892.255)	(2.320.914)
- Advertisement Expense	(187.425)	(240.361)
- Rental Expense	(157.022)	(515.133)
- Consultancy and Audit Expenses	(287.700)	(249.346)
- Outsourced Benefits and Services	(189.906)	(211.608)
- Sales and Foreign Trade Expense	(114.060)	(133.933)
- Insurance Expenses	(300.104)	(353.466)
- Amortization and Shares of Depreciation	(568.897)	(174.649)
-Provisions for Doubtful Trade Recevables Expense	(181.982)	(56.067)
- Other Expenses	(789.874)	(685.013)
<b>Total Operating Expenses</b>	<b>(10.750.977)</b>	<b>(9.727.021)</b>

Essential part of accounting,finance,consultancy,current accounts,transportation,storage,import,export and rent services of Company are provided by İndeks Bilgisayar A.Ş. and Teklos Lojistik A.Ş. which are group Company.Against these services, it is invoiced to the Company monthly.These amounts are stated under operational expenses.Information about invoice amount which are invoiced by related companies are shown in **Note 37**.





**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

**NOTE 31 OTHER OPERATING INCOME / EXPENSE**

Other income / expense for the periods ended December 31, 2019 and December 31, 2018 are as follows:

<b>Account Name</b>	<b>January 1, 2019 December 31, 2019</b>	<b>January 1, 2018 December 31, 2018</b>
<b>Other Income</b>	<b>18.689.946</b>	<b>16.792.883</b>
Eliminated Interest From Revenue	5.746.410	6.854.730
Interest and discount Incomes	1.072.482	1.325.020
Foreign Exchange Gain (Trade Receivables and Payables)	11.857.452	8.610.748
Other Income And Profit	13.602	2.385
<b>Other Expenses (-)</b>	<b>(13.449.908)</b>	<b>(9.114.627)</b>
Eliminated Interest From Purchases	(2.034.324)	(2.986.524)
Interest and discount Expenses	(788.209)	(1.160.862)
Foreign Exchange Loss (Trade Receivables and Payables)	(10.486.820)	(4.923.186)
Other Expens and Loss (-)(*)	(140.555)	(44.055)
<b>Other Income / Expense (Net)</b>	<b>5.240.038</b>	<b>7.678.256</b>

(\*)Other Expenses and Losses are consist of in non-deductible Expenses such as tax, penalty, motor vehicle tax and special communications taxes.

**NOTE 32 INCOME AND EXPENSES FROM INVESTMENT ACITIVITIES**

Income from Investment Activities for the periods ended December 31, 2019 and December 31, 2018 are as follows:

<b>Account Name</b>	<b>January 1, 2019 December 31, 2019</b>	<b>January 1, 2018 December 31, 2018</b>
Dividend Income	6.067	14.470
<b>Income from Investment Operations</b>	<b>6.067</b>	<b>14.470</b>

**NOTE 33 FINANCIAL INCOME / EXPENSE**

Financial Income for the period ended December 31, 2019 and December 31, 2018 are as follows:

<b>Account Name</b>	<b>January 1, 2019 December 31, 2019</b>	<b>January 1, 2018 December 31, 2018</b>
Interest Income	75.763	162.543
Foreign Exchange Gain	521.912	6.756.680
<b>Total</b>	<b>597.675</b>	<b>6.919.223</b>

Financial Expense for the periods ended December 31, 2019 and December 31, 2018 are as follows:

<b>Account Name</b>	<b>January 1, 2019 December 31, 2019</b>	<b>January 1, 2018 December 31, 2018</b>
Bank and Interest Expenses	(3.723.545)	(7.314.831)
Foreign Exchange Losses	(168.652)	-
<b>Total</b>	<b>(3.892.197)</b>	<b>(7.314.831)</b>

There is no capitalized financial expense of Company for current period.

**NOTE 34 FIXED ASSETS HELD FOR SALE PURPOSES AND DISCONTINUED OPERATIONS**

None.

**NOTE 35 TAX ASSETS AND LIABILITIES**

The Company's tax income / (expense) are composed of current period's corporate tax expense and deferred tax income / (expense).



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

The tax assets and liabilities of the Company as of December 31, 2019 and December 31, 2018 are as follows:

<b>Account Name</b>	<b>January 1, 2019 December 31, 2019</b>	<b>January 1, 2018 December 31, 2018</b>
Provision for Current Period Tax (-)	(3.625.489)	(6.369.117)
Deferred Tax Income / (Expense)	126.797	539.983
<b>Total Tax Income / (Expense)</b>	<b>(3.498.692)</b>	<b>(5.829.134)</b>

<b>Account Name</b>	<b>January 1, 2019 December 31, 2019</b>	<b>January 1, 2018 December 31, 2018</b>
Provision for Current Period Tax (-)	3.625.489	6.369.117
Prepaid Taxes (-)	(2.361.940)	(6.155.106)
<b>Total Tax Payable Net</b>	<b>1.263.549</b>	<b>214.011</b>

*i) Provision for Current Period Tax*

Companies calculate their temporary taxes on their quarterly financial profits in Turkey. Corporate income as of the temporary tax periods, temporary tax rate of 22 % over the corporate income was calculated and prepaid taxes deducted from taxation on income.(December 31, 2018: 22%)

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 previous years' profits.

According to Corporate Tax Law's Article: 20, the corporate tax is imposed by the taxpayer's tax returns. There is no procedure for a final and definitive agreement on tax assessments. Annual corporate tax returns are submitted until the 30 th of April following the closing of the accounting year. Moreover, the tax authorities have the right to examine the tax returns and the related accounting records within five years.

The corporation tax rate is 20% in Turkey. In accordance with the regulation numbered 7061, published in Official Gazette on 5 December 2017, "Bazı Vergi Kanunları İle Diğer Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun", corporate tax rate for the years 2018, 2019 and 2020 has increased from 20% to 22%. These amendments are to be applied for annual periods beginning on or after 1 January 2018.

*Income Withholding Tax:*

In addition to corporate tax, companies should also calculate income withholding tax on any dividends distributed. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006.

*ii) Deferred Tax:*

The Company recognizes deferred income tax assets and liabilities based upon temporary differences arising between their financial statements as reported under TAS/IFRS and their statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS/IFRS and tax purposes and disclosed below.

<b>Account Name</b>	<b>December 31, 2019 Accumulated Temporary Differences</b>	<b>December 31, 2019 Deferred Tax Receivable / (Payable)</b>	<b>December 31, 2018 Accumulated Temporary Differences</b>	<b>December 31, 2018 Deferred Tax Receivable / (Payable)</b>
Fixed Assets	(222.090)	(44.418)	(256.704)	(51.341)
Rediscount Expense	487.426	107.234	829.199	182.424
Provision for Termination Indemnities	490.369	98.074	394.983	78.997
Provision for Inventory Impairment	1.259.270	277.039	1.019.510	224.292
Provision for Litigations	43.062	9.474	37.485	8.247
Difference Between Book Value and Tax Base of Inventories	170.525	37.516	280.480	61.706
Rediscount Income	(127.786)	(28.113)	(241.466)	(53.123)
Derivative Instruments	(153.862)	(33.850)	1.073.209	236.105
Provision Expenses	4.377.721	963.099	2.428.737	534.322
Other	40.245	8.854	198.139	43.591
<b>Deferred Tax Asset / (Liabilities)</b>		<b>1.394.909</b>		<b>1.265.220</b>





**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

	December 31, 2019	December 31, 2018
Deferred Tax Asset / (Liability) at the beginning of the period	1.265.220	697.428
TFRS 9 Opening Adjustment	-	13.642
Employee Termination Benefits Actuarial Gain/Loss	2.892	14.167
Deferred Tax Income / (Expense)	126.797	539.983
<b>Deferred Tax Assets / (Liabilities)</b>	<b>1.394.909</b>	<b>1.265.220</b>

Explanation of Unused Tax Advantages:

There is no financial loss transferred to next periods at the end of the periods.

Reconciliation of tax provision for the periods ended December 31, 2019 and December 31, 2018 are as follows:

	January 1, 2019 December 31, 2019	January 1, 2018 December 31, 2018
<b>Reconciliation of Tax Provision:</b>		
Profit from Continuing Operations	15.962.663	26.628.564
Tax Rate (% 22)	(3.511.786)	(5.858.284)
- Non-Deductible Expenses	13.094	29.150
<b>Deferred Tax Income</b>	<b>(3.498.692)</b>	<b>(5.829.134)</b>

**NOTE 36 EARNINGS PER SHARE**

Earnings per share are calculated by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Calculation of earnings per share/loss is as follow:

Account Name	January 1, 2019 December 31, 2019	January 1, 2018 December 31, 2018
Current Period Profit / (Loss)	12.463.971	20.799.430
Average Number of Shares	23.000.000	23.000.000
<b>Earnings / (Loss) per Share</b>	<b>0,541912</b>	<b>0,904323</b>

**NOTE 37 RELATED PARTIES DISCLOSURES**

a) Receivables from Payables and Related Parties are as follows:

	Receivables		Payables	
	Trade Receivables	Non-Trade Receivables	Trade Payables	Non-Trade Payables
<b>December 31, 2019</b>				
İndeks A.Ş.	-	-	1.070.163	-
Desbil A.Ş.	54	-	-	-
Teklos A.Ş.	-	-	262.538	-
Neotech A.Ş.	-	-	-	-
Artım A.Ş.	-	-	4.244	-
Neteks A.Ş.	14	-	-	-
Datagate A.Ş.	17.936	-	-	-
<b>Total</b>	<b>18.004</b>	<b>-</b>	<b>1.336.945</b>	<b>-</b>
	Receivables		Payables	
	Trade Receivables	Non-Trade Receivables	Trade Payables	Non-Trade Payables
<b>December 31, 2018</b>				
İndeks A.Ş.	-	-	165.419	-
Desbil A.Ş.	-	-	-	-
Teklos A.Ş.	-	-	236.021	-
İnfin A.Ş.	-	-	109.571	-
Artım A.Ş.	-	-	-	-
Neteks A.Ş.	-	-	-	-
Datagate A.Ş.	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>511.011</b>	<b>-</b>

The interest rates for USD, EURO and TL are % 3,50 - % 8,50, % 2,75 - % 8,25 and 10,80 - % 29,00 in December 31.2019 . The interest rates for USD, EURO and TL are % 8,00 - % 8,50, % 8,00 - % 8,50 and %26,00 -34,00 December 31.2018 .



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

b) Acquisitions from Related Parties and Sales to Related Parties are as follows;

**December 31, 2019**

Sales to Related Parties	Sales of Goods and Services	General Expense Allocation	Interest and Foreign Exchange Income	Total Income / Sales
Artım A.Ş.	18.568	-	268	18.836
Datagate A.Ş.	437.270	3	379	437.652
İndeks A.Ş.	414.146	33.241	140.371	587.758
Neotech A.Ş.	-	-	7	7
İfin A.Ş.	28.719	-	1.649	30.368
Neteks Teknoloji A.Ş.	6.264	-	864	7.128
Neteks A.Ş.	82	-	-	82
Teklos A.Ş.	28.447	-	344	28.791
<b>Total</b>	<b>933.496</b>	<b>33.244</b>	<b>143.882</b>	<b>1.110.622</b>

Purchases from Related Parties	Purchases of Goods and Services	General Expense Allocation	Interest and Foreign Exchange Expense	Total Expenses / Purchases
Artım A.Ş.	-	-	196	196
Datagate A.Ş.	603.850	-	7	603.857
İndeks A.Ş.	2.282.396	2.034.494	643.977	4.960.867
İfin A.Ş.	-	-	3.560	3.560
Neteks Teknoloji A.Ş.	407	-	1.165	1.572
Teklos A.Ş.	2.118.526	232.617	61.644	2.412.787
<b>TOTAL</b>	<b>5.005.179</b>	<b>2.267.111</b>	<b>710.549</b>	<b>7.982.839</b>

There is no taken or given guarantee in between related parties.

**December 31, 2018**

Sales to Related Parties	Sales of Goods and Services	General Expense Allocation	Interest and Foreign Exchange Income	Total Income / Sales
Artım A.Ş.	78.576	-	647	79.223
Datagate A.Ş.	10.691	7.485	4.825	23.001
İndeks A.Ş.	5.541.019	168.758	56.779	5.766.556
İfin A.Ş.	22.012	-	-	22.012
Neteks Teknoloji	668	-	-	668
Neteks A.Ş.	4.913	-	372	5.285
Teklos A.Ş.	52.452	-	2.141	54.593
<b>TOTAL</b>	<b>5.710.331</b>	<b>176.243</b>	<b>64.764</b>	<b>5.951.338</b>

Purchases from Related Parties	Purchases of Goods and Services	General Expense Allocation	Interest and Foreign Exchange Expense	Total Expenses / Purchases
Artım A.Ş.	20.886	-	1.727	22.613
Datagate A.Ş.	4.167.148	-	452	4.167.600
İndeks A.Ş.	8.927.831	1.422.867	569.026	10.919.724
Neotech A.Ş.	-	-	173	173
Neteks Teknoloji	-	-	1.295	1.295
Neteks A.Ş.	-	-	954	954
Teklos A.Ş.	2.467.413	284	1.120	2.468.817
<b>TOTAL</b>	<b>15.583.278</b>	<b>1.423.151</b>	<b>574.747</b>	<b>17.581.176</b>

There is no taken or given guarantee in between related parties

Benefits and Services Provided for Senior Management;





## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

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(Amount, unless shown otherwise are stated in TL)

Account Name	December 31, 2019	December 31, 2018
Short-Term Benefits provided to Employees	1.986.014	1.795.142
Employment Termination Benefits	-	-
Other long term benefits	-	-
<b>Total</b>	<b>1.986.014</b>	<b>1.795.142</b>

Benefits and salary provided to Management Staff consist of general manager salary, assistant general manager salary.

### NOTE 38 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

#### (a) Capital risk management

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

The capital structure of the Company consists of debts containing the credits explained in note 8, cash and cash equivalents explained in note 6 and resource items containing respectively issued capital, capital reserves, profit reserves and profits of previous years explained in note 27.

Risks, associated with each capital class, and the capital cost are evaluated by the senior management. It is aimed that the capital structure will be stabilized by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the senior management evaluations.

The Company follows the capital by using debt/total capital rate. This rate is found by dividing the net debt by total capital. The net debt is calculated by excluding the cash and cash equivalent amounts from the total debt amount (including credits, leasing and commercial debts as indicated in the statement of financial position). Total capital is calculated as resources plus net debt as indicated in the statement of financial position.

Net Debt / Equity Ratio as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	December 31, 2018
Total Liabilities	73.143.160	42.021.959
Negative: Cash and Cash Equivalents	(2.505.542)	(1.540.700)
Net Liabilities	70.637.618	40.481.259
Total Equity	77.889.984	77.437.579
Total Capital	148.527.602	117.918.838
<b>Net Liabilities/Total Capital Rate</b>	<b>0,4873</b>	<b>0,3433</b>

#### (b) Important Accounting Policies

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

#### (c) Rate risk management

The Company, due to its activities, is exposed to changes in exchange rates (see article d) and interest rates (see article f). The Company, as it holds the financial instruments, also bears the risk of other party not meeting the requirements of the agreement. (Article e)

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

#### (d) Rate risk management

Most of the IT byproducts are either imported or purchased domestically using foreign currencies. During acquisition of products the companies are usually indebted in foreign currencies and payments are also made in same currencies. The companies which do not adopt their sales policies using currencies in which they purchase the products may encounter foreign exchange losses if rates increase.

Against the rate risk Despec determines the sales currencies in the currency which the inventories are purchased. However, according to the market conditions sales are made in different currencies in some periods.

Especially in order not to bear f/x rate risk forward transactions are made in periods with volatile f/x rates.



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

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The Company management evaluates and follows the balance of assets and liabilities in Turkish Lira and Euro type as open position.

If there is %10 increase on the general level of exchange rates and all other variables are fixed as of December 31, 2019, profit before tax will be amount of TL 6.042.589 (December 31, 2018: TL 4.388.412).

**Foreign Exchange Rate Sensitivity Analysis Table**

<b>Current Period December 31, 2019</b>		
	<b>Profit / (Loss)</b>	
	<b>Appreciation of Foreign Exchange</b>	<b>Devaluation of Foreign Currency</b>
In the event of 10% value change of US Dollar against TL;		
1- US Dollar Net Asset / Liability	5.341.376	(5.341.376)
2- The part, hedged from US Dollar Risk (-)		
<b>3- US Dollar Net Effect (1+2)</b>	<b>5.341.376</b>	<b>(5.341.376)</b>
In the event of 10% value change of Euro against TL		
4- Euro Net Asset/ (Liabilities)	701.213	(701.213)
5- The part, hedged from Euro Risk (-)	-	-
<b>6- Euro Net Effect (4+5)</b>	<b>701.213</b>	<b>(701.213)</b>
In the event of 10% value change of Other against TL;		
7- Other Net Foreign Currency Asset/(Liabilities)	-	-
8- The part, hedged from Other Risk (-)	-	-
9-Other Foreign Currency Assets Net Effect (7+8)	-	-
<b>Total</b>	<b>6.042.589</b>	<b>(6.042.589)</b>

**Foreign Exchange Rate Sensitivity Analysis Table**

<b>Previous Period December 31, 2018</b>		
	<b>Profit / (Loss)</b>	
	<b>Appreciation of Foreign Exchange</b>	<b>Devaluation of Foreign Currency</b>
In the event of 10% value change of US Dollar against TL;		
1- US Dollar Net Asset / Liability	3.981.963	(3.981.963)
2- The part, hedged from US Dollar Risk (-)	-	-
<b>3- US Dollar Net Effect (1+2)</b>	<b>3.981.963</b>	<b>(3.981.963)</b>
In the event of 10% value change of Euro against TL		
4- Euro Net Asset/ (Liabilities)	406.449	(406.449)
5- The part, hedged from Euro Risk (-)	-	-
<b>6- Euro Net Effect (4+5)</b>	<b>406.449</b>	<b>(406.449)</b>
In the event of 10% value change of Other against TL;		
7- Other Net Foreign Currency Asset/(Liabilities)	-	-
8- The part, hedged from Other Risk (-)	-	-
<b>9-Other Foreign Currency Assets Net Effect (7+8)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4.388.412</b>	<b>(4.388.412)</b>





# DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

Table of Foreign Exchange Position

	December 31, 2019			December 31, 2018		
	Amount in TL	USD	EURO	Amount in TL	USD	EURO
1. Trade Receivables	33.571.030	4.977.626	601.891	24.147.051	4.253.495	293.603
2a. Monetary Financial Assets	1.776.143	296.081	2.611	383.254	68.830	3.508
2b. Non-Monetary Financial Assets	-	-	-	-	-	-
3. Other	10.544.463	1.196.289	516.986	5.787.460	584.025	450.392
<b>4. Current Assets Total (1+2+3)</b>	<b>45.891.636</b>	<b>6.469.996</b>	<b>1.121.488</b>	<b>30.317.765</b>	<b>4.906.350</b>	<b>747.503</b>
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
<b>8. Fixed Assets Total (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>45.891.636</b>	<b>6.469.996</b>	<b>1.121.488</b>	<b>30.317.765</b>	<b>4.906.350</b>	<b>747.503</b>
10. Trade Payables	3.521.309	548.138	39.885	3.882.376	685.420	45.861
11. Financial Liabilities	105.195	17.709	-	-	-	-
12a. Other Monetary Liabilities	48.403	7.255	798	56.909	9.754	928
12b. Other Non-Monetary Liabilities	1.531.909	228.281	26.445	159.410	-	26.445
<b>13. Total Short Term Liabilities (10+11+12)</b>	<b>5.206.816</b>	<b>801.383</b>	<b>67.128</b>	<b>4.098.695</b>	<b>695.174</b>	<b>73.234</b>
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-	-
<b>17. Total Long Term Liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>5.206.816</b>	<b>801.383</b>	<b>67.128</b>	<b>4.098.695</b>	<b>695.174</b>	<b>73.234</b>
<b>19. Net Asset/ (Liability) Position of Derivative Instruments off the Statement of financial position (19a-19b)</b>	<b>19.741.067</b>	<b>3.323.300</b>	<b>-</b>	<b>17.665.050</b>	<b>3.357.800</b>	<b>-</b>
19a. Total Amount of Hedged Assets	19.741.067	3.323.300	-	17.665.050	3.357.800	-
19b. Total Amount of Hedged Liabilities	-	-	-	-	-	-
<b>20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)</b>	<b>60.425.887</b>	<b>8.991.913</b>	<b>1.054.360</b>	<b>43.884.120</b>	<b>7.568.976</b>	<b>674.269</b>
<b>21. Monetary Items Net Foreign Exchange Asset / (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>31.672.266</b>	<b>4.700.605</b>	<b>563.819</b>	<b>20.591.020</b>	<b>3.627.151</b>	<b>250.322</b>
<b>22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23. The Amount of Hedged part of Foreign Exchange Assets	19.587.205	3.323.300	-	18.738.260	3.357.800	-
23. The Amount of Hedged part of Foreign Exchange Liabilities	-	-	-	-	-	-
23. Export	1.207.715	-	-	1.790.311	-	-
24. Import	149.203.975	-	-	149.380.744	-	-



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Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

e ) Counterparty Risk

**CREDIT TYPES INCURRED IN RESPECT OFFINANCIAL INSTRUMENT TYPES**

December 31, 2019	Receivables				Deposit at Banks	
	Trade Receivables		Other Receivables		Note	Note
	Related Party	Other	Related Party	Other		
<b>Maximum credit risk incurred as of the date of reporting (A+B+C+D+E)</b>	<b>18.004</b>	<b>95.592.534</b>	-	<b>372.632</b>		<b>2.270.329</b>
- The part of maximum risk secured by guarantee etc.	-	41.841.278	-	-		
<b>A. Net book value of financial assets which are undue or which did not decline in value</b>	<b>18.004</b>	<b>95.227.314</b>	-	<b>372.632</b>	<b>10-11</b>	<b>2.270.329 6</b>
<b>B. Net book value of assets, overdue but did not decline in value.</b>	-	365.220	-	-		-
- The part secured by guarantee etc.	-	-	-	-		-
<b>C. Net book values of assets declined in value</b>	-	-	-	-	<b>10-11</b>	<b>6</b>
- Overdue (gross book value)	-	2.456.506	-	-		-
- Decline in value (-)	-	(2.456.506)	-	-	<b>10-11</b>	<b>6</b>
- The part of net value secured by guarantee etc.	-	-	-	-	<b>10-11</b>	<b>6</b>
- Undue (gross book value)	-	-	-	-	<b>10-11</b>	<b>6</b>
- Decline in value (-)	-	-	-	-	<b>10-11</b>	<b>6</b>
- The part of net value secured by guarantee etc.	-	-	-	-	<b>10-11</b>	<b>6</b>
<b>D. Elements containing credit risk off the statement of financial position</b>	-	-	-	-	<b>10-11</b>	-





**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

December 31, 2018	Receivables				Deposit at Banks	
	Trade Receivables		Other Receivables		Note	Note
	Related Party	Other	Related Party	Other		
<b>Maximum credit risk incurred as of the date of reporting (A+B+C+D+E)</b>	-	83.753.859	-	40.776		1.369.139
- The part of maximum risk secured by guarantee etc.	-	35.784.670	-	-		
<b>A. Net book value of financial assets which are undue or which did not decline in value</b>	-	83.331.086	-	40.776	10-11	1.369.139 6
<b>B. Net book value of assets, overdue but did not decline in value.</b>	-	422.773	-	-		-
- The part secured by guarantee etc.	-	-	-	-		-
<b>C. Net book values of assets declined in value</b>	-	-	-	-	10-11	- 6
- Overdue (gross book value)	-	2.274.524	-	-		-
- Decline in value (-)	-	(2.274.524)	-	-	10-11	- 6
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	- 6
- Undue (gross book value)	-	-	-	-	10-11	- 6
- Decline in value (-)	-	-	-	-	10-11	- 6
- The part of net value secured by guarantee etc.	-	-	-	-	10-11	- 6
<b>D. Elements containing credit risk off the statement of financial position</b>	-	-	-	-	10-11	-



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

	Receivables	
	Trade Receivables	Other Receivables
<b>December 31, 2019</b>		
1-30 Days Overdue	465.012	-
1-3 Months Overdue	127.924	-
More than 3 Months Overdue	97.160	-
The part of net value secured by guarantee etc.	324.876	-

	Receivables	
	Trade Receivables	Other Receivables
<b>December 31, 2018</b>		
1-30 Days Overdue	477.657	-
1-3 Months Overdue	70.195	-
More than 3 Months Overdue	84.966	-
The part of net value secured by guarantee etc.	210.045	-

**Credit Risk Management**

The Company's credit risk management exposed from trade receivables. Trade receivables mostly consist from receivables from dealers. The Company has set up an effective control system over its dealers and the risk is monitorized by credit risk management team and Company Management. The Company has set limits for every dealer and these limits are revised if it is necessary. The taking adequate guarantee from dealers is another method for the risk management. There is no significant trade receivable risk for the Company, because the Company has receivables from a wide range of customers instead of a small number customers and significant amounts. Trade receivables are evaluated by taking into consideration of Company's past experience and current economic situation and these receivables are presented with their net values in the statement of financial position after the proper provisions for doubtful receivables are made. The low profit margins by force of the sectoral conditions make collection and credit risk management policies important and the Company management show sensivity in these situations. The detailed information about the collection and risk management policies are as follows;

The Company starts executive proceedings and / or litigates for the receivables overdue for a few months. The Company can configure terms for dealers in difficult situations. The low profit margins by force of the sectoral conditions make collection of receivables important. There is a risk management team to minimize the risk of collections and the sales are realized by making credibility evaluations. The sales to new or risky dealers are made in cash collection.

The Company is selling products to a wide range of institutions which are selling or buying computer and its equipments. The capital structure of the dealers classified as "classic dealers" in the distribution channel is low. It is estimated that there are about 5.000 dealers in this group in Turkey and in terms of risk management to minimize the receivable risk of Despec by taking steps and establishing its own organization and working system. The steps taken by the Company are as follows;

The sales to new customers which have no experience more than 1 year: The sales to new customers which have no experience more than 1 year are made in cash collection.

The information team involved in receivable and risk management department consists of 2 staff and this team is monitoring the dealers continuously.

**Credit Committee:** The information about the customers which has experience more than 1 year in the sector and the customers which are demanding an increase for the credit limit are prepared by the information team and presented to credit committee every week. Credit committee consists of Senior Vice President of Finance, Finance Manager, Accounting Manager, information team staff and the Sale Manager of related Customer. Credit Committee establish credit limits to related customers by taking into consideration the information gained from the information team, past payments and sale performances. The Credit Committee determines the conditions and if it is needed they demand for guarantees, mortgages, etc.

Trade receivables are evaluated by taking into consideration the Company policies and procedures and the trade





## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

receivables are shown with their net value after the provisions for doubtful receivables are made in the financial statements. (Note: 10)

The company has a receivables insurance policy with Euler Hermes Sigorta A.Ş until March 31,2020 for the accounts receivable which are found within the borders of Turkey.(Guarantee proportion is determined between %80 and %90 for trade receivables credit limit which are demanded.)

-f) Management of interest rate risk

The interest rates of loan are fixed.

**Table of Interest Position**

	December 31, 2019	December 31, 2018
<b>Fixed Interest Financial Instruments</b>		
Financial Assets	1.591.995	800.460
Financial Liabilities	38.226.613	12.824.836
<b>Floating Rate Financial Instruments</b>		
Financial Assets	-	-
Financial Liabilities	-	-

If there is a %1 increase on TL interest rate and other variables are fixed as of December 31, 2019 , loss before tax will be less with the amount of TL 366.346

If there is a %1 increase on TL interest rate and other variables are fixed as of December 31, 2018 , loss before tax will be less with the amount of TL 120.244.

--g) Analysis Relating to Other Risks

### ***Risks Relating to Share etc. Financial Instruments***

The Company isn't holding marketable securities which are traded in the Istanbul Stock Exchange.

-h) Liquidity risk management

The Company tries to manage the liquidity risk by maintaining the continuation of sufficient funds and loan reserves by means of matching the financial instruments and terms of liabilities by following the cash flow regularly.

### **Liquidity Risk Tables**

Prudent liquidity risk management signifies maintaining sufficient cash, the utility of fund sources by sufficient credit transactions and the ability to close out market positions.

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

The table below indicates the term divisions of derivative and non-derivative financial liabilities of the Company in TL currency.



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

Accompanying Notes to the Financial Statements As at December 31, 2019

(Amount, unless shown otherwise are stated in TL)

**December 31, 2019**

<b>Expected Terms</b>	<b>Book Value</b>	<b>Cash Outflows Total As Per the Agreement</b>	<b>Less than 3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
<b>Non-Derivative Financial Liabilities</b>	<b>68.384.140</b>	<b>68.892.140</b>	<b>67.610.438</b>	<b>349.702</b>	<b>932.000</b>	<b>-</b>
<i>Bank Loans</i>	37.181.456	37.192.915	37.192.915	-	-	-
<i>Lease obligations</i>	1.045.157	1.413.912	132.210	349.702	932.000	-
<i>Trade Liabilities</i>	29.889.327	30.017.113	30.017.113	-	-	-
<i>Other Liabilities</i>	268.200	268.200	268.200	-	-	-

<b>Expected Terms</b>	<b>Book Value</b>	<b>Cash Outflows Total As Per the Agreement</b>	<b>Less than 3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
<b>Derivative Financial Liabilities</b>	<b>153.862</b>	<b>(78.898)</b>	<b>(78.898)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Derivative Cash Inflows</i>	19.741.067	19.741.067	19.741.067	-	-	-
<i>Derivative Cash Outflows</i>	(19.587.205)	(19.819.965)	(19.819.965)	-	-	-

**December 31, 2018**

<b>Expected Terms</b>	<b>Book Value</b>	<b>Cash Outflows Total As Per the Agreement</b>	<b>Less than 3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
<b>Non-Derivative Financial Liabilities</b>	<b>36.762.032</b>	<b>37.894.592</b>	<b>37.894.592</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Bank Loans</i>	12.824.836	13.715.930	13.715.930	-	-	-
<i>Trade Liabilities</i>	23.413.390	23.654.856	23.654.856	-	-	-
<i>Other Liabilities</i>	523.806	523.806	523.806	-	-	-

<b>Expected Terms</b>	<b>Book Value</b>	<b>Cash Outflows Total As Per the Agreement</b>	<b>Less than 3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>More than 5 Years</b>
<b>Derivative Financial Liabilities</b>	<b>(1.073.209)</b>	<b>(1.419.292)</b>	<b>(1.419.292)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Derivative Cash Inflows</i>	17.665.051	17.665.051	17.665.051	-	-	-
<i>Derivative Cash Outflows</i>	(18.738.260)	(19.084.343)	(19.084.343)	-	-	-

**NOTE 39 FINANCIAL INSTRUMENTS**

The Company considers that the recorded values of financial instruments reflect the fair values.

Aims at financial risk management

The finance department of the Company is responsible for maintaining the access to financial markets regularly and observing and managing the financial risks incurred in relation with the activities of the Company. The said risks include market risk (including foreign exchange risk, fair interest rate risk and price risk), credit risk, liquidity risk and cash receiving risk.

The Company uses the forward exchange agreements out of derivative financial instruments for the purpose of decreasing the effects of these risks and being protected from financial risk against the same. The Company has no speculative financial instruments (including derivative financial instruments) and does not involve in any activity relating to the sale or purchase of such instruments

**NOTE 40 EVENTS AFTER BALANCE SHEET DATE**

None.

**NOTE 41 OTHER ISSUES**

None.

