

**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET A.Ş.**

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Despec Bilgisayar Pazarlama ve Ticaret Anonim Şirketi** (“**Despec**” or the “**Company**”) which comprise the statement of balance sheet as at 31 December 2020, statement of profit or loss and statement of other comprehensive income, statements of changes in equity and statements of cash-flow for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matter

Due to Covid-19 pandemic, which has been affecting the whole world, there have been disruptions in the supply and sales processes, temporary shutdowns in the production processes and decline in the capacity utilizations of the Company, in parallel with the developments/slowdown in the sectors in which the Company operates and in general economic activity. Predictions are not precise about how long Covid-19 effects will continue and how far it will spread, in the world and Turkey. It is expected that the Company has collection risk in the next 12 months and business and sales volume have been disrupted due to decline in the capacity of utilizations. Necessary actions were taken by the Company management to minimize the possible impacts of Covid-19 on the Company’s operations and financial position. Predictions are not precise about how long Covid-19 effects will continue and how far it will spread, in the world and Turkey. As the severity and duration of the effects become clearer, it will be possible to make a more clear and healthy assessment for the medium and long term impact on the Company’s financial position, financial performance and cash flows. The financial statements of the Company have been prepared in accordance with the going concern basis and do not include necessary classifications and restatements arising from Covid-19 pandemic. We draw attention to Note 41 to the financial statements, which describe the Company’s assessments regarding the effects of the Covid-19 pandemic. Our opinion is not qualified in respect of this matter.



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## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters were addressed in the context of our independent 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.

Trade Receivables	
Key audit matters	How our audit addressed the key audit matter
<p>Financial statements as of 31 December 2020 include trade receivables of TL 190.605.140 which constitutes 68.76% of the Despec's total assets. An impairment provision for doubtful trade receivables of Despec amounting to TL 2.543.061 included in the financial statements. The Company uses estimates and policies for recoverability of trade receivables and determination of the provisions.</p> <p>Trade receivables and its recoverability are material to Despec's financial statements. Therefore, this area is considered as key audit matter.</p> <p>Please refer to notes <b>Note 10</b> and <b>Note 38-e</b> to the financial statements for the accounting policy, related balances, standing guarantees and the relevant disclosures regarding trade receivables.</p>	<p>Almost all of the sales are made via retailer channel and we performed the following procedures in relation to the testing of trade receivables and provision for trade receivables considering the guarantees for trade receivables for unrecoverable amounts:</p> <p>We have evaluated 3rd party reconciliations of customer outstanding balances.</p> <p>The Company's credit risk management based on analyzing the aging report of customer's outstanding balances. In this context, we have evaluated provisions appropriateness according to aging reports, economic conditions, historical collection trends, 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>



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Inventories and Provision for Inventory Impairment	
Key audit matters	How our audit addressed the key audit matter
<p>Financial statements as of 31 December 2020 include inventories amounting to TL 57.014.717 and which constitutes 20.57% of the Despec's total assets. An impairment provision for inventories of Despec amounting to TL 2.558.154 included in the financial statements. 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 key audit matter due to the importance of inventory account.</p> <p>Please refer to notes <b>Note 2.05.92</b> and <b>Note 13</b> to the financial statements for the accounting policy and related balances and the relevant disclosures regarding inventories.</p>	<p>We performed the following procedures in relation to inventories amount and net realizable value of inventories:</p> <p>In this context, we have participated year-end inventory count to confirm the inventories. In addition, we have audited documents related to purchase of inventories during the year.</p> <p>Provision for inventory impairment recognized for the purpose of lower cost of inventories to their net realizable value. We have tested Company's policy regarding inventory impairment by turnover ratio.</p> <p>The inventory valuation method of the Company has been confirmed with controlling sample inventory cards.</p>

Borrowings	
Please refer to notes 2.09 and 8 to the financial statements	
Key audit matters	How our audit addressed the key audit matter
<p>Financial statements as of 31 December 2020 include borrowings of TL 134.378.406 which constitutes significant portion of Despec's total financial liabilities.</p> <p>The Company presented its borrowings over the discounted cost using the effective interest method. The reconciliation and calculation of discounted cost using the effective interest method of borrowings has been determined as key audit matter.</p>	<p>We performed the following procedures in relation to the testing of borrowings:</p> <p>We have evaluated 3rd party reconciliations of borrowings balances.</p> <p>We have tested and recalculated internal rate of return and discount studies calculated by the Company for its borrowings</p> <p>We have audited the disclosures in notes to the financial statements regarding borrowings and adequacy of the information provided in notes to the financial statements has been evaluated.</p>



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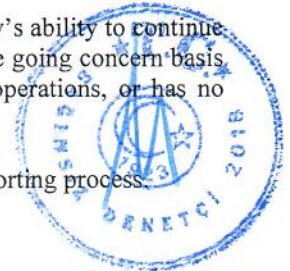
Revenue Recognition	
Key audit matters	How our audit addressed the key audit matter
<p>In accordance with the Company's revenue policy, revenue shall recognized when the Company has transferred the significant risks and rewards of ownership to the buyer, the amounts received or going to be received are accounted for at their fair value on an accrual basis in the financial statements.</p> <p>The Company recognizes the revenue when the Company transfers control of products over time. Recognition and determination of revenue in correct period determined as a key audit matter for audit of the financial statements.</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 performed the following procedures to audit sales and cost of sales recognized according to matching principle that both transactions are realized in same period.</p> <p>We have focused on sales that invoiced but unearned by analyzing the Company's procedures on sales and delivery terms.</p> <p>We have evaluated the Company's delivery notes, other delivery amounts and sale invoices by comparing them with each other on sampling method to evaluate sales and cost of sales recognized in the correct period.</p> <p>We have tested that the turnover premium incomes obtained from the suppliers and turnover premium expenses netted from the turnover premium income are recognized in the correct period.</p> <p>Evaluating whether there is a high amount of returns incurred after the balance sheet date,</p> <p>In addition, we have evaluated the adequacy of disclosures included in "Revenue" in Note 2.05.01 and Note 28 within framework of TFRS 15.</p>

### 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.



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

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

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

As part of an independent audit conducted in accordance with independent auditing standards published by SIA, 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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**Other Responsibilities Arising from Regulatory Requirements**

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

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

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Metin ETKİN.

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



**Metin ETKİN**  
Partner, CPA  
İstanbul, 16 February 2021

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DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET A.Ş.

BALANCE SHEETS

AT 31 DECEMBER 2020 AND 2019

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

	Notes	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>ASSETS</b>			
<b>Current Assets</b>		<b>272.119.502</b>	<b>147.916.921</b>
Cash and Cash Equivalents	6	12.690.241	2.505.542
Financial Investments	7	-	135.519
Trade Receivables	10	190.605.140	95.610.538
<i>Trade Receivables from Related Parties</i>	10-37	82.282	18.004
<i>Trade Receivables from Non Related Parties</i>	10	190.522.858	95.592.534
Other Receivables	11	312.076	372.632
<i>Other Receivables from Related Parties</i>	11-37	-	-
<i>Other Receivables from Non Related Parties</i>	11	312.076	372.632
Derivative Instruments	12	-	153.862
Inventories	13	57.014.717	41.620.829
Prepaid Expenses	15	9.543.889	5.679.401
Current Income Tax Assets	25	-	-
Other Current Assets	26	1.953.439	1.838.598
<b>Total</b>		<b>272.119.502</b>	<b>147.916.921</b>
<b>Non Current Assets</b>		<b>5.081.861</b>	<b>3.116.223</b>
Financial Investments	7	-	-
Investment Properties	17	237.850	242.530
Property, Plant and Equipment	18	147.718	114.909
Right of Use Assets	18	1.112.366	977.972
Intangible Assets	19	358.521	385.903
<i>Other Intangible Assets</i>	19	358.521	385.903
Deferred Tax Assets	35	3.225.406	1.394.909
<b>TOTAL ASSETS</b>		<b>277.201.363</b>	<b>151.033.144</b>

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



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

DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET A.Ş.

BALANCE SHEETS

AT 31 DECEMBER 2020 AND 2019

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

	Notes	Audited Current Period 31 December 2020	Audited Prior Period 31 December 2019
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Short Term Borrowings	8	177.622.807	71.926.959
Trade Payables	10	133.596.786	37.500.781
<i>Trade Payables to Related Parties</i>	11-37	37.349.968	29.889.327
<i>Trade Payables to Non Related Parties</i>	10	6.834.824	1.336.945
Employee Benefits Payables	20	30.515.144	28.552.382
Other Payables	11	72.627	115.293
<i>Other Payables to Related Parties</i>	11-37	217.344	152.907
<i>Other Payables to Non Related Parties</i>	11	-	-
Derivative Instruments	12	217.344	152.907
Deferred Income	15	3.104.246	-
Current Income Tax Liabilities	35	552.226	1.526.512
Short Term Provisions	22	197.322	1.263.549
<i>Short Term Provisions for Employee Benefits</i>		2.532.288	1.478.590
<i>Other Short Term Provisions</i>	22	-	-
<b>Total</b>		<b>177.622.807</b>	<b>71.926.959</b>
<b>Non Current Liabilities</b>			
Long Term Borrowings	8	1.530.029	1.216.201
Long Term Provisions	24	781.620	725.832
<i>Long Term Provisions for Employee Benefits</i>	24	748.409	490.369
Deferred Tax Liabilities	35	748.409	490.369
		-	-
<b>EQUITY</b>			
<b>Equity Holders of the Parent</b>	27	<b>98.048.527</b>	<b>77.889.984</b>
Paid in Share Capital		98.048.527	77.889.984
Adjustment to Share Capital		23.000.000	23.000.000
Repurchased Shares (-)		437.133	437.133
Share Premium		-	-
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss		2.967.707	2.967.707
<i>Gains/(losses) on remeasurements of defined benefit plans</i>		(225.579)	(126.374)
Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss		(225.579)	(126.374)
<i>Currency Translation Differences</i>		606.110	606.110
<i>Gains/(Losses) on Cash Flow Hedges</i>		606.110	606.110
Restricted Reserves From Retained Earnings		-	-
<i>Legal Reserves</i>		9.611.418	9.611.418
Prior Years Income		9.611.418	9.611.418
Net Profit for the Period		41.393.990	28.930.019
Non-Controlling Interests	27	20.257.748	12.463.971
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>277.201.363</b>	<b>151.033.144</b>

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



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

DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET A.Ş.

STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME  
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

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

		Audited Current Period 01 January 2020- 31 December 2020	Audited Prior Period 01 January 2019- 31 December 2019
<b>PROFIT OR LOSS</b>			
Revenue	28	658.571.089	280.482.155
Cost of Sales (-)	28	(622.000.632)	(255.720.098)
<b>GROSS PROFIT/(LOSS) FROM FINANCIAL OPERATIONS</b>		<b>36.570.457</b>	<b>24.762.057</b>
<b>GROSS PROFIT/(LOSS)</b>		<b>36.570.457</b>	<b>24.762.057</b>
General Administrative Expenses (-)	29	(7.031.339)	(5.595.833)
Marketing, Sales and Distribution Expenses (-)	29	(7.133.631)	(5.155.144)
Other Operating Income	31	31.954.671	18.689.946
Other Operating Expenses (-)	31	(21.137.749)	(13.449.908)
<b>OPERATING PROFIT / (LOSS) FROM CONTINUING OPERATIONS</b>		<b>33.222.409</b>	<b>19.251.118</b>
Gains from Investment Activities	32	23.968	6.067
Losses from Investment Activities (-)	32	-	-
<b>OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)</b>		<b>33.246.377</b>	<b>19.257.185</b>
Financial Income	33	6.690.310	597.675
Financial Expenses (-)	33	(13.566.006)	(3.892.197)
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>26.370.681</b>	<b>15.962.663</b>
<b>Tax income/(expense)</b>		<b>(6.112.933)</b>	<b>(3.498.692)</b>
- Current income tax expense	35	(7.918.629)	(3.625.489)
- Deferred tax income	35	1.805.696	126.797
<b>PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>20.257.748</b>	<b>12.463.971</b>
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<b>20.257.748</b>	<b>12.463.971</b>
<b>Attributable to:</b>		<b>20.257.748</b>	<b>12.463.971</b>
Non-Controlling Interests	27	-	-
Equity Holders of the Parent	27	20.257.748	12.463.971
<b>Earnings Per Share</b>	36	<b>0,880772</b>	<b>0,541912</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
<b>Items not to be reclassified to profit/loss</b>		<b>(99.205)</b>	<b>(11.566)</b>
Gains/(losses) on remeasurements of defined benefit plans		(124.006)	(14.458)
Taxes relating to other comprehensive income not to be reclassified to profit/loss		24.801	2.892
Deferred Income Tax/(Expense)		24.801	2.892
<b>Items to be reclassified to profit/loss</b>		<b>-</b>	<b>-</b>
Currency translation differences		-	-
Gains/(losses) on cash flow hedges	27	-	-
<b>OTHER COMPREHENSIVE INCOME</b>		<b>(99.205)</b>	<b>(11.566)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>20.158.543</b>	<b>12.452.405</b>
<b>Attributable to:</b>		<b>20.158.543</b>	<b>12.452.405</b>
Non-Controlling Interests		-	-
Equity Holders of the Parent		20.158.543	12.452.405

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



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

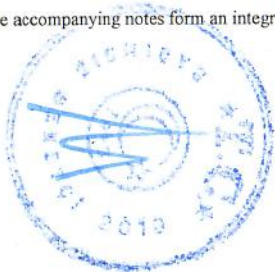
DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET A.Ş.

STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

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

	Notes	Paid in share capital	Adjustment to Share Capital	Share Premium	Other Comprehensive Income or Expenses not to be reclassified to profit/loss		Other Comprehensive Income or Expenses to be reclassified to profit/loss			Retained Earnings			Total Equity
					Gains/(losses) on remeasurement of defined benefit plans	Other Gains/(Losses)	Currency Translation Differences	Gains/(losses) on cash flow hedges	Other Gains/(Losses)	Restricted Reserves from Retained Earnings	Prior Years Income	Profit for the Period	
<b>Audited Current Period</b>													
<b>Balances at 01 January 2020</b>	27	23.000.000	437.133	2.967.707	(126.374)	-	606.110	-	-	9.611.418	28.930.019	12.463.971	77.889.984
Transfers		-	-	-	-	-	-	-	-	-	12.463.971	(12.463.971)	-
<b>Total Comprehensive Income</b>		-	-	-	(99.205)	-	-	-	-	-	-	20.257.748	20.158.543
-Net Profit for the Period		-	-	-	-	-	-	-	-	-	-	20.257.748	20.257.748
Other Comprehensive Income/Expense		-	-	-	(99.205)	-	-	-	-	-	-	-	(99.205)
Dividends paid		-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at 31 December 2020</b>	27	23.000.000	437.133	2.967.707	(225.579)	-	606.110	-	-	9.611.418	41.393.990	20.257.748	98.048.527
<b>Audited Prior Period</b>													
<b>Balances at 1 January 2019</b>	27	23.000.000	437.133	2.967.707	(114.808)	-	606.110	-	-	8.526.418	21.215.589	20.799.430	77.437.579
Transfers		-	-	-	-	-	-	-	-	1.085.000	19.714.430	(20.799.430)	-
<b>Total Comprehensive Income</b>		-	-	-	(11.566)	-	-	-	-	-	-	12.463.971	12.452.405
-Net Profit for the Period		-	-	-	-	-	-	-	-	-	-	12.463.971	12.463.971
Other Comprehensive Income/Expense		-	-	-	(11.566)	-	-	-	-	-	-	-	(11.566)
Dividends paid		-	-	-	-	-	-	-	-	-	(12.000.000)	-	(12.000.000)
<b>Balances at 31 December 2019</b>	27	23.000.000	437.133	2.967.707	(126.374)	-	606.110	-	-	9.611.418	28.930.019	12.463.971	77.889.984

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



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

DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET A.Ş.  
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

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

Notes	Audited Current Period 01 January 2020- 31 December 2020	Audited Prior Period 01 January 2019- 31 December 2019
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit for the Period</b>	(79.662.270)	(9.610.957)
<b>Adjustments to reconcile profit for the period to cash generated from operating activities:</b>	20.257.748	12.463.971
<b>Depreciation and amortisation</b>	14.723.006	3.355.002
17-18-19	490.868	568.897
<b>Adjustments for impairment loss/(reversal of impairment loss)</b>	1.385.439	421.742
Adjustments for receivables impairment (reversal)	10	86.555
Adjustments for inventory impairment (reversal)	13	1.298.884
Adjustments for property, plant and equipment impairment (reversal)	17-18-19	-
<b>Adjustments for provisions</b>	1.226.434	(1.599.953)
Adjustments for provisions for employee benefits (reversal)	24	172.736
Adjustments for provisions for lawsuits and penalties	22	2.986
Adjustments for other provisions (reversal)	22	1.050.712
<b>Adjustments for interest income/expense</b>	5.734.153	(348.577)
Adjustments for interest income	31-33	(10.685.434)
Adjustments for interest expenses	31-33	15.142.069
Deferred Financial Expense from Term Purchases	10	3.880
Unrealised Financial Income from Term Sales	10	1.273.638
<b>Adjustments for tax income/expense</b>	35	6.112.933
<b>Other adjustments to reconcile profit/loss for the period</b>	26	(226.821)
<b>Changes in Working Capital</b>	(105.465.813)	(19.794.989)
Adjustments for Gains/Losses in Trade Receivables	10	(96.354.795)
Adjustments for Gains/Losses In Other Receivables Related To Operations	11	60.556
Gains/Losses from Inventories	13	(16.692.772)
Adjustments for losses/(gains) in Trade Payables	10	7.456.761
Adjustments for Gains/Losses In Trade Payables Related To Operations	11	64.437
<b>Cash flows from Operating Activities</b>	(70.485.059)	(3.976.016)
Payments Within Provisions Related To Employee Benefits	24	(38.702)
Income Taxes Refund/Paid	35	(8.984.856)
Other Cash Inflows (Outflows)		(153.653)
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>	(85.025)	(89.541)
<b>Cash inflows from sale of property, plant and equipment and intangible asset</b>	-	-
Cash inflows from sale of property, plant and equipment	18-19	-
Cash inflows from sale of intangible assets		-
<b>Cash outflows from purchase of property, plant and equipment and intangible assets</b>	(85.025)	(89.541)
Cash outflows from purchase of property, plant and equipment	18	(77.025)
Cash outflows from purchase of intangible assets	19	(8.000)
Cash outflows from purchase of investment properties		-
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>	89.931.304	10.665.778
<b>Cash inflows from borrowings</b>	302.374.214	69.191.782
Cash inflows from loans	8	302.374.214
<b>Cash outflows from repayments of borrowings</b>	(213.100.827)	(44.846.618)
Cash outflows from loan repayments	8	(213.100.827)
Cash outflows from payments of lease liabilities	8	(547.025)
Dividends paid		(12.000.000)
Interest paid	31-33	1.204.942
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	10.184.009	965.280
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	10.184.009	965.280
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	2.505.520
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	12.689.529

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



## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in ("TL") unless otherwise indicated.)

## NOTE 1 COMPANY'S ORGANISATION AND NATURE OF OPERATIONS

Despec Bilgisayar Pazarlama ve Ticaret A.Ş. ("Despec", or the "Company") was established on 4 January 1995. Despec's business activities include distribution services of almost all kinds of Information Technology ("IT") consumables (toner, cartridge, ribbon, backup products, side components, accessories, paper products, 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 4 January 1995, has been changed its business title to "İndeks Teknolojik Ürünler Dağıtım A.Ş." on 2 August 1995 and "Despec Bilgisayar Pazarlama ve Ticaret A.Ş." on 10 October 1998. The nature of business activities of the Company has been started 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 and Head Office in İstanbul and Ankara using the warehouses these cities.

The principal shareholders and their respective shareholding rates in Despec are as follows:

Shareholders	31 December 2020		31 December 2019	
	Shareholding Rate %	Shareholding Amount	Shareholding Rate %	Shareholding Amount
Datagate Bilgisayar Mal.Tic. A.Ş.	49,13%	11.300.994	-	-
Desbil Teknolojik Ürünler A.Ş.	-	-	41,23%	9.482.262
Nevres Erol Bilecik	-	-	7,84%	1.803.996
Listed Shares	50,87%	11.699.006	50,87%	11.699.006
Other	-	-	0,06%	14.736
<b>Total</b>	<b>100%</b>	<b>23.000.000</b>	<b>100%</b>	<b>23.000.000</b>

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

The head office activities of the Company are carried out in Ayazağa/Sarıyer/İstanbul and the Company has branches in Ankara and Gebze.

The breakdown of sectoral risks of the Company is as follows:

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

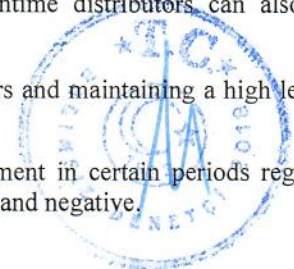
b- Sectoral Competition Risk: Manufacturing companies in operating sector are in intense competition in brand and product bases worldwide. The effects of competitive medium created by these companies also affect the prices in national markets. This creates significant risks to companies which don't have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

c- Foreign Exchange Risk: IT products and consumables are either imported or purchased domestically using denominated in foreign currencies or TL. During the acquisition of these products by the Company are usually foreign currency denominated payables and payments are also made in same currencies. The Company which do not adopt their sales policies using foreign currencies in which they purchase the products may encounter foreign exchange losses if changes of the exchange rates of different foreign currencies in net foreign currency position.

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.

The Company management estimates that operating in the sector for many years and maintaining a high level of knowhow reduces the risk of agreement cancellation of distributorship.

e- Amendments on import legislation: The amendments made by the government in certain periods regarding import regulations and laws may affect the import of the Company both positive and negative.



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

*(Amounts are expressed in ("TL") unless otherwise indicated.)*

The registered address of Despec and its branches is as follows:

**Head Office:** Ayazağa Mahallesi Mimar Sinan Sokak No:21 Seba Office Boulevard D Blok Kat: 1 Bölüm No:9 Sarıyer, 34485 İstanbul. In addition, the Company has branches in Ankara and Gebze.

**Branches:**

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

**Gebze Branch:** Cumhuriyet Mahallesi Yahya Kaptan Caddesi No:10 A/2 Çayırova / KOCAELİ

Total end of period and average number of personnel employed by the Despec is 27 (2019: 26). The personnel of the Company include administrative personnel.

**NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS**

**2.01 Basis of Presentation**

Despec Bilgisayar Pazarlama ve Ticaret A.Ş. maintains their books of account and prepares their statutory financial statements in Turkish Lira in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The accompanying financial statements have been prepared in accordance with the provisions of Capital Markets Board ("CMB") which have been put into force by Turkey Accounting Standards and interpretations related to these additional ("TAS") are considered.

The accompanying financial statements are prepared in accordance with the 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, 14.1 and that communiqué was repealed.

The Company is applied in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/IFRS") 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.

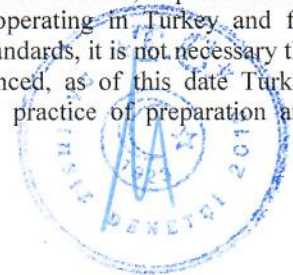
The accompanying financial statements have been prepared in accordance with Communiqué No: II-14.1 and financial statements and notes are presented in accordance with the formats required by the CMB dated on 7 June 2013. In addition, the financial statements were published by POA with the decision numbered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

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

In the accompanying financial statements as of 31 December 2020, non-monetary items included in the financial statements were presented as "USD" until 30 June 2013. Non-monetary items have been recognized in TL since the functional currency of the transactions are translated after this date was presented in "TL".

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

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



DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

(Amounts are expressed in ("TL") unless otherwise indicated.)

**2.03 Changes in Accounting Policies**

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

There has been no significant accounting changes that the Company determined in the current year.

**Transition to TFRS 16, "Leases"**

TFRS 16 "Leases" Standard was published by the POA on 13 January 2016. It replaces the existing TAS 17 "Leases", TFRIC 4 "Determining Whether an Arrangement Contains a Lease" and SIC-15 "Operating Leases – Incentives", and replaces the TAS 40 "Investment Properties" Standard. TFRS 16 eliminates the dual-accounting method of leasing transactions that are the current application in terms of lessees and monitoring of off-balance sheet commitments. Instead, a single balance sheet-based accounting model is presented for all leases, similar to the current financial leasing accounting. In this context, the "Lease Liabilities" amount, which is calculated as the present value of lease payments to be made during the lease period in relation to the lease contracts over 12 months, is recognized in the liabilities of the "Right of Use Assets" (Note 18) in the liabilities part of the balance sheet. The amount recognized as "Right of Use Assets" is subject to depreciation according to the contract period.

**2.04 Changes in Accounting Estimates and Errors**

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

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

The Company management uses the actuarial assumptions used in the calculation of useful lives of property, plant and equipment and intangible assets, the actuarial assumptions used in the calculation of employment termination benefits, the provisions to be allocated for the lawsuits and execution proceedings in favor of or against the Company, and the determination of the inventory impairment. Explanations on the estimates used are included in the related notes is as follows.

TAS 21 "The Effects of Changes in Foreign Exchange Rates" outlines how to account for foreign currency transactions and operations in financial statements, and also how to translate financial statements into a presentation currency. The Company Management determines the presentation currency that most affects the sales of goods and services, the currency in which the labor expenses are realized, the currency of the cash generated from the financing activities, and taking into account the expected future changes in these factors. The Company Management reviews the accounting estimates regarding the functional currency and the policies applied in each balance sheet date.

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





**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**

*(Amounts are expressed in ("TL") unless otherwise indicated.)*

***Significant Accounting Estimates and Assumptions***

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

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

- a) Provision for employment termination benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates) These assumptions are reviewed at each balance sheet date and revised if deemed necessary **(Note:24)**
- b) The Company depreciates its property, plant and equipment and intangible assets on a straight-line basis over their useful lives. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates. The Company has no estimates regarding depreciation calculations of property, plant and equipment. **(Note 18-19)**
- c) On the provision for lawsuits in **Note 22**; the probability of losing these cases regarding collecting the receivables and the consequences to be faced if these cases are lost evaluated in accordance with the opinions of the Company's legal counsel as of 31 December 2020 and 2019. The Company obtains letters of guarantee from companies it deems necessary and risky in order to prevent doubtful trade receivables **(Note 10)**
- d) Inventories are valued at the lower of cost or net realisable value. For determination of inventory impairment, the technological obsolescence of the products in the Company's inventories are also taken into consideration **(Note 13)**
- e) The Company obtains premiums at pre-determined rates from sales or purchases from the companies that have distributorship agreement. Accrued premiums are recognized as income on the basis of progress payment **(Note 26)**

**2.05 Summary of Significant Accounting Policies**

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

**2.05.01 Revenue Recognition**

Revenues, that reflect the goods and/ or services promised to transfer, presented as an expected earning amount Revenue is accounted for in the financial statements in accordance with TFRS 15 within the scope of the five-stage model below.

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

Despec's sales mainly consists of Realme, HP and Canon products.

Other products distributed by the Company are of brands of Steelseries, Epson, Xerox, IBM, Lexmark, Trust, Samsung, Belkin, Jabra, Apple and Targus. The purchases of the Company at 90%-95% are provided from the top ten IT consumable vendors.



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

The Company has been importing and marketing the products from its IT manufacturers which has the distributorship. The sales of the Company have been made through distribution channels of 3.000 dealers and these products are not sold to end users. The sales of the Company at 50%-65% are made through top ten dealers.

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

*2.05.02 Inventories*

Inventories are valued at the lower of cost or net realisable value. The inventories of the Company include toner, cartridge, ribbon, backup products, side components, accessories, paper products, mobile phone and IT consumables.

The cost of inventories is calculated by FIFO method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

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

*2.05.03 Property, plant and equipment and related depreciation*

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

Economic Useful Lives (years)

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

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.

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

*2.05.04 Intangible assets and related amortisation*

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

Intangible assets comprise assets acquired through computer and IT software. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives for 3-15 years.

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2.05.05 Leases

The Company has no financial leases. The Company becomes a party to various operational leases as a lessee. Operational leases are leases where the lessor continues to hold significant risks and benefits related to the leased asset. The operational leases of the Company include head office lease by related party of the Company İndeks Bilgisayar Sistemleri Mühendislik Sanayi ve Ticaret A.Ş. (İndeks A.Ş.) until March 2019 and "Teklos Teknoloji Lojistik A.Ş." since March 2019. The rent payables and related expenses are invoiced on a monthly basis. The logistics services of the Company are invoiced monthly from the related party "Teklos Teknoloji Lojistik Hizmetleri A.Ş." (Teklos A.Ş.). The explanations related to purchases from related parties are disclosed in **Note 37**.

2.05.05.01 Company - as a lessee

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

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

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company reflects a right of use assets and lease liabilities in the financial statements at the date when the lease term actually begins.

Right-of-use asset Company - as a lessee

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

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

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

- Less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

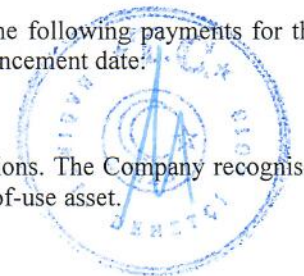
The Company applies the depreciation requirements in TAS 16 Property, Plant and Equipment Standard in depreciating the right-of-use asset.

Lease liability

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

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

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



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The interest on the lease liabilities for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liabilities.

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

*2.05.06 Impairment of Assets*

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

*2.05.07 Borrowing Costs*

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

*2.05.08 Financial Instruments*

*i. Financial Asset and Liabilities-Classification and Measurement*

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

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

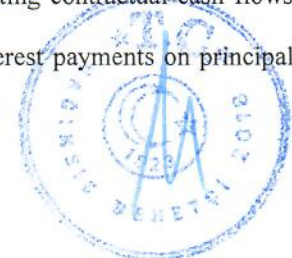
For financial assets, reclassification is required between FVTPL, FVTOCI and amortised cost, if and only if the entity's business model objective for its financial assets changes so its previous model assessment would no longer apply. If reclassification is appropriate, it must be done prospectively from the reclassification date which is defined as the first day of the reporting period following the change in business model. A financial asset that meets the following two conditions must be measured at FVTOCI unless the asset is designated at FVTPL under the fair value option.

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

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

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

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



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

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

ii. Impairment of Financial Assets

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

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

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

When determining whether the credit risk in a financial asset has increased substantially since its adoption in the financial statements and the expected credit losses are estimated, reasonable and supportable information that can be obtained without incurring excessive costs or efforts is taken into consideration. These include qualitative and quantitative information and analyzes and forward-looking information based on the Company's past experience and informed credit evaluations.

*Credit-impaired financial asset*

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

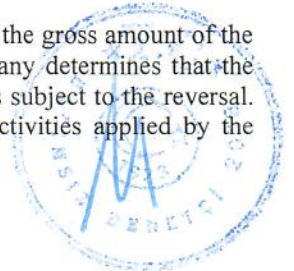
- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or past-due event;
- the lenders for economic or contractual reasons relating to the borrower's financial difficulty granted the borrower a concession that would not otherwise be considered;
- it becoming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

*Presentation*

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

*Derecognition*

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



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

*2.05.09 Foreign Currency Translation*

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

*2.05.10 Earnings Per Share*

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

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

*2.05.11 Events After the Balance Sheet Date*

Subsequent events cover all events that occur between the balance sheet date and the publication date of the financial statements. The Company adjusts the amounts recognised in its financial statements to reflect the adjusting events after the balance sheet date. (Note 40)

If adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the financial statements.

*2.05.12 Provisions, Contingent Assets and Liabilities*

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

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

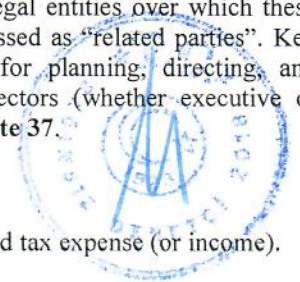
*2.05.13. Related Parties*

TAS 24 "Related Party Disclosures" requires disclosures about transactions and outstanding balances with an entity's related parties. An entity is a related party if shareholding is defined as an entity associated with organizations that can directly or indirectly control or significantly affect the other party through contractual rights, family relations. Related parties also include shareholders and Company management. A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

For the purpose of these financial statements, shareholders, parents of Despec Bilgisayar A.Ş, key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, are considered and expressed as "related parties". Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. The detailed explanation of related parties is disclosed in Note 37.

*2.05.14 Taxes on Income*

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



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*Current Tax*

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

*Deferred Tax*

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

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

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

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

*Current and deferred tax for the period*

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

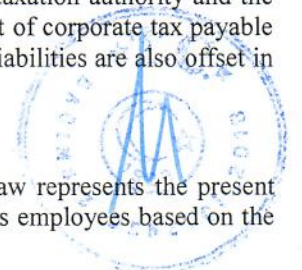
The taxes included in the financial statements include current period tax and the change in deferred taxes. The Company calculates current and deferred tax on the results for the period.

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

*2.05.15 Provision for Employment Termination Benefits*

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



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

*2.05.16 Statement of Cash Flow*

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

Cash flows from operating activities represent the cash flows generated from the Company's activities. Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Company (tangible and intangible assets and financial assets).

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

**2.06 Comparatives and Adjustment of Prior Period Financial Statements**

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

**2.07 Offsetting**

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

**2.08 Investment Properties**

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property". Investment properties are carried at cost less accumulated depreciation. The investment properties of the Company comprise of land and buildings. (Note 17)

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

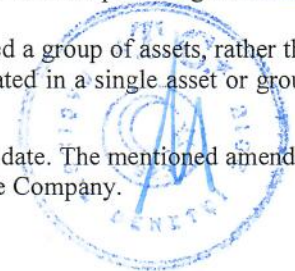
New amendments and interpretations in force as of 31 December 2020:

**Amendments to TFRS 3-Definition of Business;**

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

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

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





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**Amendments to TAS 1 and TAS 8 Definition of Materiality**

The changes in *Definition of Material* (Amendments to TAS 1 and TAS 8) all relate to a revised definition of "material" which is in scope of Conceptual Framework from the final amendments.

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

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

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

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

The amendments affect the following areas:

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

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

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

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

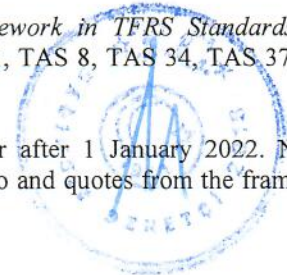
- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments due on or before 30 June 2021; and
- There is no substantive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

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

**Amendments to References to the Conceptual Framework in TFRS Standards**

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

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



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(Amounts are expressed in ("TL") unless otherwise indicated.)

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

**TFRS 17 Insurance Contracts**

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

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

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

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

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

**Amendments to TFRS 3 Reference to the Conceptual Framework**

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

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

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

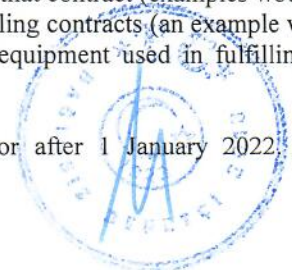
The standard prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the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

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

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

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

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



## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

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

**Amendments to TFRS 9 Financial Instruments**

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

**Amendments to TAS 41 Agriculture**

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

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

**NOTE 3 BUSINESS COMBINATIONS**

The Company has no business combinations at the end of the period.

**NOTE 4 DISCLOSURE OF INTERESTS IN OTHER ENTITIES**

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

**NOTE 5 SEGMENT REPORTING**

Since the Company is engaging in the IT products and consumables, the Company does not exercise segment reporting at the end of the period.

**NOTE 6 CASH AND CASH EQUIVALENTS**

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

Account Name	31 December 2020	31 December 2019
Cash in hand	56.553	46.989
Banks (Demand Deposits)	10.346.716	678.334
Financial Assets Measured at Amortized Cost (Reverse Repo)	1.650.712	1.591.995
Credit Card Slips	636.260	188.224
<b>Total</b>	<b>12.690.241</b>	<b>2.505.542</b>

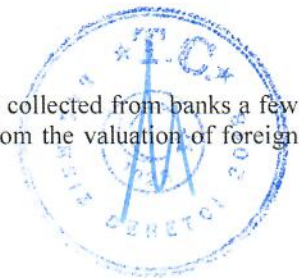
The cash and cash equivalents of the Company are presented in the statement of cash flow less income accruals.

As of 31 December 2020, reverse repo interest income accrued total amounted to TL 712, maturity of 4 days. The reverse repo transactions are TL and the annual interest rate is 15,02% -17,63%.

As of 31 December 2019, reverse repo interest income accrued total amounted to TL 22, maturity of 1 day. The reverse repo transactions are USD and the annual interest rate is USD 0,5%.

Account Name	31 December 2020	31 December 2019
Cash and Cash Equivalents	12.690.241	2.505.542
Income Accruals (-)	(712)	(22)
<b>Total</b>	<b>12.689.529</b>	<b>2.505.520</b>

As of 31 December 2020, the Company has no blocked deposits. Credit card slips are collected from banks a few days after the date of sale transaction. The foreign exchange gains/losses resulting from the valuation of foreign currency in cash in hand and banks is recognized in financial income / expenses.



## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS  
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## NOTE 7 FINANCIAL INVESTMENTS

As of 31 December 2020, the Company has no short and long term financial investments.

Account Name	31 December 2020	31 December 2019
Equity Securities	-	135.519
<b>Total</b>	<b>-</b>	<b>135.519</b>

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

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

## NOTE 8 BORROWINGS

31 December 2020

Breakdown of short term borrowings is as follows:

Account Name	31 December 2020	31 December 2019
Bank Borrowings	133.173.723	37.181.456
Lease Liabilities	423.063	319.325
<b>Total</b>	<b>133.596.786</b>	<b>37.500.781</b>

31 December 2020

Type	Currency Amount	TL Amount	Annual Effective Interest Rate (%)
Short Term Borrowings			
TL Borrowings		133.173.723	10,65-17,77
TL Lease Liabilities		423.063	18,00 – 21,00
<b>Total Short Term Borrowings</b>		<b>133.596.786</b>	

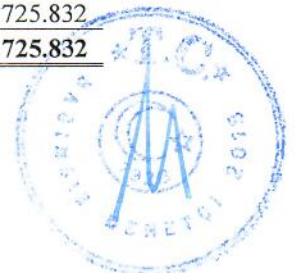
31 December 2019

Type	Currency Amount	TL Amount	Annual Effective Interest Rate (%)
Long Term Borrowings			
TL Borrowings		37.181.456	10,64-12,18
TL Lease Liabilities		214.130	18,00 – 21,00
USD Lease Liabilities	17.709	105.195	7,00
<b>Total Short Term Borrowings</b>	<b>17.709</b>	<b>37.500.781</b>	

31 December 2020

Breakdown of long term borrowings is as follows:

Account Name	31 December 2020	31 December 2019
Lease Liabilities	781.620	725.832
<b>Total</b>	<b>781.620</b>	<b>725.832</b>



## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS  
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(Amounts are expressed in ("TL") unless otherwise indicated.)

**31 December 2020**

Type	Currency Amount	TL Amount	Annual Effective Interest Rate (%)
<b>Long Term Borrowings</b>			
<i>TL Lease Liabilities</i>		781.620	18,00 – 21,00
<i>USD Lease Liabilities</i>		-	
<b>Total Long Term Borrowings</b>		<b>781.620</b>	

**31 December 2019**

Type	Currency Amount	TL Amount	Annual Effective Interest Rate (%)
<b>Long Term Borrowings</b>			
<i>TL Lease Liabilities</i>		725.832	18,00 – 21,00
<i>USD Lease Liabilities</i>		-	
<b>Total Long Term Borrowings</b>		<b>725.832</b>	

The reconciliation of borrowings is as follows:

Account Name	31 December 2020	31 December 2019
Beginning of the Period	38.226.613	12.824.836
Principal and Interest Additions During the Period	302.374.214	69.191.782
Lease Liabilities	1.204.683	1.045.157
Principal and Interest Payments During the Period	(213.100.827)	(44.846.618)
Interest Accrual at the End of the Period	5.673.723	11.456
<b>End of the Period</b>	<b>134.378.406</b>	<b>38.226.613</b>

**NOTE 9 OTHER FINANCIAL LIABILITIES**

As of 31 December 2020, and 2019, the Company has no other financial liabilities.

**NOTE 10 TRADE RECEIVABLES AND PAYABLES**

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

Account Name	31 December 2020	31 December 2019
Trade Receivables	177.160.821	81.071.051
<i>Trade Receivables from Related Parties (Note 37)</i>	82.282	18.004
<i>Other Receivables</i>	177.078.539	81.053.047
Notes Receivables	15.264.700	15.086.230
Rediscount on Notes Receivables (-)	(1.820.381)	(546.743)
Doubtful Trade Receivables	2.543.061	2.456.506
Provision for Doubtful Trade Receivables (-)	(2.543.061)	(2.456.506)
<b>Total</b>	<b>190.605.140</b>	<b>95.610.538</b>

As of 31 December 2020, the portion amounted to **TL 78.852.652** of trade receivables in total amount of **TL 190.605.140**, is in under scope of guarantee (including guarantees in scope of Euler Hermes). As of 31 December 2019, the portion amounted to **TL 41.841.278** of trade receivables in total amount of **TL 95.610.538**, is in under scope of guarantee. The related disclosures regarding the nature of risks of trade receivables included in **Note 38**.

The Company has credit insurance policy from Euler Hermes Sigorta A.Ş. within borders of Turkey for insuring its trade receivables until 31.03.2021 (the payment guarantee for trade receivables is determined as 80%-90%). As of 31 December 2020, guarantee amounted to **TL 72.270.177** is guarantee in scope of Euler Hermes (31.12.2019: **TL 35.014.097**).



## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

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Movement of the provision for doubtful receivables is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Beginning of the Period	2.456.506	2.274.524
Expenses During the Period	86.555	181.982
<b>Balance at the End of the Period</b>	<b>2.543.061</b>	<b>2.456.506</b>

The redemption schedule of receivables overdue but not impaired is as follows:

	31 December 2020	31 December 2019
Up to 3 months	709.119	465.012
3-12 months	265.925	225.084
<b>Total</b>	<b>975.044</b>	<b>690.096</b>

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

Account Name	31 December 2020	31 December 2019
Suppliers	37.473.874	29.517.113
<i>Other Suppliers</i>	30.639.050	28.180.168
<i>Related Party Suppliers (Note 37)</i>	6.834.824	1.336.945
Notes Payable	-	500.000
Rediscount on Notes Payable (-)	(123.906)	(127.786)
<b>Total</b>	<b>37.349.968</b>	<b>29.889.327</b>

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

The average maturity for trade receivables is 70-110 days and for payables is 20-35 days. In the case of rediscount of trade receivables and payables, compound interest rates of Government Debt Securities are used as effective interest rate in TL receivables and payables. Libor and Eurobor rates are used in the rediscount of USD and EURO denominated receivables and payables.

## NOTE 11 OTHER RECEIVABLES AND PAYABLES

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

Account Name	31 December 2020	31 December 2019
Receivables from Employees	312.076	318.669
Deposits and Guarantees Given	-	53.963
<b>Total</b>	<b>312.076</b>	<b>372.632</b>

As of 31 December 2020 and 2019, the Company has no long term other receivables.

The related disclosures regarding the nature of risks of other receivables included in Note 38.

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

Account Name	31 December 2020	31 December 2019
Taxes Payable	217.344	152.907
Other Payables to Related Parties	-	-
<b>Total</b>	<b>217.344</b>	<b>152.907</b>

## NOTE 12 DERIVATIVE INSTRUMENTS

The derivative instruments of the Company included in current liabilities are as follows:

Account Name	31 December 2020	31 December 2019
Derivatives Receivables	-	153.862
<b>Total</b>	<b>-</b>	<b>153.862</b>



## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS  
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Account Name	31 December 2020	31 December 2019
Derivatives Payables	3.104.246	-
<b>Total</b>	<b>3.104.246</b>	<b>-</b>

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

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

## NOTE 13 INVENTORIES

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

Account Name	31 December 2020	31 December 2019
Merchandise	45.389.296	32.509.181
Goods in Transit	14.183.575	10.370.918
Provision for Inventory Impairment (-)	(2.558.154)	(1.259.270)
<b>Total</b>	<b>57.014.717</b>	<b>41.620.829</b>

As of 31 December 2020, the inventories portion amounting to TL 4.780.549 are carried in the financial statements at their net realisable value (31 December 2019 TL 3.757.976) and the remaining portion are carried at cost.

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

Movement of the provision for inventory impairment is as follows:

	1 January- 31 December 2020	1 January- 31 December 2019
Beginning of the Period (-)	(1.259.270)	(1.019.510)
Reversal of Provisions from Gains on Net Realisable Value (+)	-	-
Provisions During the Period (-)	(1.298.884)	(239.760)
<b>End of the Period (-)</b>	<b>(2.558.154)</b>	<b>(1.259.270)</b>

Inventories are valued at the lower of cost or net realisable value.

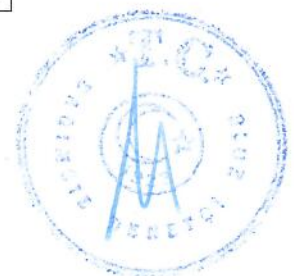
The Company has no inventories as guarantee against liabilities. Total insurance coverage on assets is disclosed in Note 22.

As of 1 January 2020 – 31 December 2020 and 1 January 2019– 31 December 2019, merchandise amounting to TL 622.000.632 and TL 255.720.098, respectively, were recorded as expense as the cost of goods sold.

Explanations	31 December 2020	31 December 2019
Cost	7.338.703	5.017.246
Provision for Inventory Impairment	(2.558.154)	(1.259.270)
Net Realisable Value (a)	4.780.549	3.757.976
Carried at Cost Value (b)	52.234.168	37.862.853
<b>Total Inventories (a+b)</b>	<b>57.014.717</b>	<b>41.620.829</b>

## NOTE 14 BIOLOGICAL ASSETS

None.



## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

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

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

Account Name	31 December 2020	31 December 2019
Short Term Prepaid Expenses	292.362	206.767
Advances Given for Purchases	9.251.527	5.472.634
<b>Total</b>	<b>9.543.889</b>	<b>5.679.401</b>

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

Account Name	31 December 2020	31 December 2019
Advances Received from Customers	552.226	170.478
Short Term Deferred Income	-	1.356.034
<b>Total</b>	<b>552.226</b>	<b>1.526.512</b>

**Long Term:**

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

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

**NOTE 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

None.

**NOTE 17 INVESTMENT PROPERTIES**

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

Account Name	31 December 2020	31 December 2019
Cost	252.280	252.280
Accumulated Depreciation	(14.430)	(9.750)
<b>Total</b>	<b>237.850</b>	<b>242.530</b>

**31 December 2020****Cost**

Account Name	1 January 2020	Acquisitions	Disposals	31 December 2020
Land	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	1 January 2020	Current Period Depreciation	Disposals	31 December 2020
Buildings	(9.750)	(4.680)	-	(14.430)
<b>Total</b>	<b>(9.750)</b>	<b>(4.680)</b>	<b>-</b>	<b>(14.430)</b>
<b>Net Book Value</b>	<b>242.530</b>			<b>237.850</b>





## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

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(Amounts are expressed in ("TL") unless otherwise indicated.)

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

Account Name	1 January 2019	Acquisitions	Disposals	31 December 2019
Land	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	1 January 2019	Current Period Depreciation	Disposals	31 December 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 Book Value</b>	<b>247.210</b>			<b>242.530</b>
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**NOTE 18 PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS**

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

Account Name	31 December 2020	31 December 2019
Cost	1.266.797	1.189.772
Accumulated Depreciation	(1.119.079)	(1.074.863)
<b>Total</b>	<b>147.718</b>	<b>114.909</b>

**31 December 2020****Cost**

Account Name	1 January 2020	Acquisitions	Disposals	31 December 2020
Motor Vehicles	3.505	-	-	3.505
Furniture and Fixtures	573.507	77.025	-	650.532
Leasehold Improvements	612.760	-	-	612.760
<b>Total</b>	<b>1.189.772</b>	<b>77.025</b>	<b>-</b>	<b>1.266.797</b>

**Accumulated Depreciation**

Account Name	1 January 2020	Current Period Depreciation	Disposals	31 December 2020
Motor Vehicles	(3.505)	-	-	(3.505)
Furniture and Fixtures	(473.972)	(40.469)	-	(514.441)
Leasehold Improvements	(597.386)	(3.747)	-	(601.133)
<b>Total</b>	<b>(1.074.863)</b>	<b>(44.216)</b>	<b>-</b>	<b>(1.119.079)</b>

<b>Net Book Value</b>	<b>114.909</b>			<b>147.718</b>
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**31 December 2019**

**Cost**

Account Name	1 January 2019	Acquisitions	Disposals	31 December 2019
Motor Vehicles	3.505	-	-	3.505
Furniture and 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>1.189.772</b>

**Accumulated Depreciation**

Account Name	1 January 2019	Current Period Depreciation	Disposals	31 December 2019
Motor Vehicles	(3.505)	-	-	(3.505)
Furniture and 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>(1.074.863)</b>

<b>Net Book Value</b>	<b>218.729</b>	<b>114.909</b>
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**Other Information:**

Depreciation and amortisation are included in operating expenses. Total insurance coverage on property, plant and equipment is disclosed in Note 22. The Company has no pledges and mortgages and restrictions on Property, Plant and Equipment.

**Right of Use Assets**

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

**31 December 2020**

Account Name	31 December 2020	31 December 2019
Cost	1.478.792	1.280.025
Accumulated Depreciation	(366.426)	(302.053)
<b>Total</b>	<b>1.112.366</b>	<b>977.972</b>

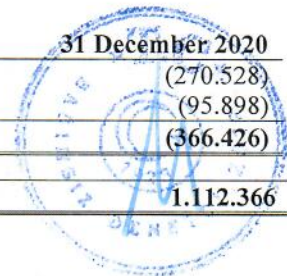
**31 December 2020**

**Cost**

Account Name	1 January 2020	Acquisitions	Disposals/(-) /Contract Costs	31 December 2020
Buildings	718.099	64.408	-	782.507
Motor Vehicles	561.926	599.666	(465.307)	696.285
<b>Total</b>	<b>1.280.025</b>	<b>664.074</b>	<b>(465.307)</b>	<b>1.478.792</b>

**Accumulated Depreciation**

Account Name	1 January 2020	Current Period Depreciation	Disposals/(-) /Contract Costs	31 December 2020
Buildings	(111.653)	(158.875)	-	(270.528)
Motor Vehicles	(190.400)	(247.715)	342.217	(95.898)
<b>Total</b>	<b>(302.053)</b>	<b>(406.590)</b>	<b>342.217</b>	<b>(366.426)</b>
<b>Net Book Value</b>	<b>977.972</b>	<b>1.112.366</b>		



DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS  
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**31 December 2019**

**Cost**

Account Name	1 January 2019	TFR-16 Initial Recognition	Disposals	Disposals/(-) /Contract Costs	31 December 2019
Buildings	-	718.099	-	-	718.099
Motor Vehicles	-	588.694	-	(26.768)	561.926
<b>Total</b>	-	<b>1.306.793</b>	-	<b>(26.768)</b>	<b>1.280.025</b>

**Accumulated Depreciation**

Account Name	1 January 2019	TFR-16 Initial Recognition	Current Period Depreciation	Disposals/(-) /Contract Costs	31 December 2019
Buildings	-	-	(111.653)	-	(111.653)
Motor Vehicles	-	-	(217.168)	26.768	(190.400)
<b>Total</b>	-	-	<b>(328.821)</b>	<b>26.768</b>	<b>(302.053)</b>
<b>Net Book Value</b>	-	-	-	-	<b>977.972</b>

**NOTE 19 INTANGIBLE ASSETS**

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

Account Name	31 December 2020	31 December 2019
Cost	695.487	687.487
Accumulated Depreciation	(336.966)	(301.584)
<b>Total</b>	<b>358.521</b>	<b>385.903</b>

**31 December 2020**

**Cost**

Account Name	1 January 2020	Acquisitions	Disposals	Transfers	31 December 2020
Rights	-	8.000	-	687.487	695.487
Other Intangible Assets	687.487	-	-	(687.487)	-
<b>Total</b>	<b>687.487</b>	<b>8.000</b>	-	-	<b>695.487</b>

**Accumulated Depreciation**

Account Name	1 January 2020	Current Period Depreciation	Disposals	Transfers	31 December 2020
Rights	-	(35.382)	-	(301.584)	(336.966)
Other Intangible Assets	(301.584)	-	-	301.584	-
<b>Total</b>	<b>(301.584)</b>	<b>(35.382)</b>	-	-	<b>(336.966)</b>
<b>Net Book Value</b>	<b>385.903</b>	-	-	-	<b>358.521</b>



## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

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

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

**Accumulated Depreciation**

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

Depreciation and amortization expenses are included in operating expenses.

**NOTE 20 EMPLOYEE BENEFITS PAYABLES**

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

Account Name	31 December 2020	31 December 2019
Payables to Personnel	186	43.130
SSI Premium Payables	72.441	72.163
<b>Total</b>	<b>72.627</b>	<b>115.293</b>

**NOTE 21 GOVERNMENT GRANTS**

None.

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

Account Name	31 December 2020	31 December 2019
Provision for Price Revision	2.486.240	1.435.528
Provision for Lawsuits	46.048	43.062
<b>Total</b>	<b>2.532.288</b>	<b>1.478.590</b>

31 December 2020	Provision for Lawsuits	Provision for Price Revision	Total
Beginning of the Period – 1 January	43.062	1.435.528	1.478.590
Additional Provisions	2.986	2.486.240	2.489.226
Payments During the Period	-	(1.435.528)	(1.435.528)
<b>Total</b>	<b>46.048</b>	<b>2.486.240</b>	<b>2.532.288</b>

31 December 2019	Provision for Lawsuits	Provision for Price Revision	Total
Beginning of the Period – 1 January	37.485	3.243.768	3.281.253
Additional Provisions	5.577	1.435.528	1.441.105
Payments During the Period	-	(3.243.768)	(3.243.768)
<b>Total</b>	<b>43.062</b>	<b>1.435.528</b>	<b>1.478.590</b>

*ii) Contingent Assets and Liabilities*

As of 31 December 2020, the provisions for lawsuits amounted to TL 46.048 filed against the Company and the related provisions are reflected in to the financial statements. (31.12.2019: TL 43.062)



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

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In accordance with TFRS 9, execution proceedings amounted to **TL 2.543.061** for provisions for doubtful receivables of the Company and the related provisions are reflected in to the financial statements. (31.12.2019: **TL 2.456.506**)

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

**31 December 2020**

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

**31 December 2019**

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

*iv) Ratio of guarantees and mortgages to equity:*

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

Collateral, Pledge, Mortgages Given by the Company	31 December 2020	31 December 2019
A. Total amount of CPM's given in the name of its own legal personality	17.539.841	16.139.541
B. Total amount of CPM's given on behalf of the fully consolidated companies	-	-
C. Total amount of CPM's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPM's given	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-
ii. Total amount of CPM's given to on behalf of other companies which are not in scope of B and C	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-
<b>Total</b>	<b>17.539.841</b>	<b>16.139.541</b>

The above mentioned amounts are TL equivalents at the end of the period.

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

*v) Total mortgages and guarantees on assets:*

None.

*vi) Total insurance coverage on assets:*

**31 December 2020**

Type of Insured Asset	USD	TL
Merchandise	10.000.000	-
<b>Total</b>	<b>10.000.000</b>	-

**31 December 2019**

Type of Insured Asset	USD	TL
Merchandise	5.000.000	-
<b>Total</b>	<b>5.000.000</b>	-

**NOTE 23 COMMITMENTS**

None.



## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

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## NOTE 24 EMPLOYEE BENEFITS

Account Name	31 December 2020	31 December 2019
Provision for Employment Termination Benefits	748.409	490.369
<b>Total</b>	<b>748.409</b>	<b>490.369</b>

Under Turkish Labour Law, Despec A.Ş is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

As of 31 December 2020, the amount payable consists of one month's salary limited to a maximum of TL 7.638,96 (31 December 2019: TL 6.730,15)

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

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

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As of 31 December 2020, the provisions in the accompanying financial statements are calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees.

As of the 31 December 2020, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 12.50% and an interest rate of 8.50%, resulting in a real discount rate of 3.69%. (31 December 2019: 3.69% real discount rate). The Company management revised the expectations of discount are reviewed in each balance sheet period.

As of the 31 December 2020, turnover rate to estimate the probability of retirement is 97,88%. (31 December 2019: 98,28%)

	1 January 2020 – 31 December 2020	1 January 2019 – 31 December 2019
Beginning of the Period – 1 January	490.369	394.983
Current Period Service Cost	77.360	52.239
Interest Cost	61.296	49.373
Actuarial Gains / Losses	124.006	14.458
Payment/Reduction of Benefits /Loss due to Dismissal	34.080	101.098
Payments During the Period (-)	(38.702)	(121.782)
<b>End of the Period</b>	<b>748.409</b>	<b>490.369</b>

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

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019
General Administrative Expenses	(172.736)	(202.710)
Other Operating Income	-	-
<b>Income / (Expense) Recognised in Profit or Loss</b>	<b>(172.736)</b>	<b>(202.710)</b>
Actuarial Gains/Losses Recognized in Other Comprehensive Income	(124.006)	(14.458)
<b>Profit / (Loss) for the Period</b>	<b>(296.742)</b>	<b>(217.168)</b>

## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

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In accordance with the regulation in TAS 19 that entered into force as of 1 January 2013, actuarial gains and losses have started to be recognized under equity as other comprehensive income.

Account Name	1 January 2020 31 December 2020	1 January 2019 31 December 2019
Actuarial Gains/Losses Recognized in Other Comprehensive Income	(124.006)	(14.458)
Tax Effect 20%	24.801	2.892
<b>Net Amount</b>	<b>(99.205)</b>	<b>(11.566)</b>

The amount recognized as actuarial gains / losses in the current period is TL 124.006. Deferred tax effect of this amount was also taken into consideration and stated in other comprehensive income and result of this transaction the amount of other comprehensive income/loss is TL 99.205.

The amount recognized as actuarial gains / losses in the current period is TL 14.458. Deferred tax effect of this amount was also taken into consideration and stated in other comprehensive income and result of this transaction the amount of other comprehensive income/loss is TL 11.566.

**NOTE 25 CURRENT PERIOD TAX ASSETS AND LIABILITIES**

As of 31 December 2020 and 2019, the Company has no tax assets and liabilities.

**NOTE 26 OTHER ASSETS AND LIABILITIES**

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

Account Name	31 December 2020	31 December 2019
Income Accruals	1.172.576	945.755
Deferred VAT	762.171	873.071
Business Cash Advances	18.692	19.772
<b>Total</b>	<b>1.953.439</b>	<b>1.838.598</b>

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

The movement of income accruals is as follows:

Account Name	31 December 2020	31 December 2019
Beginning of the Period – 1 January	945.755	1.759.956
Accruals During the Period	57.683.333	44.536.781
Collections / Current Account Bank Transfers	(57.456.512)	(45.350.982)
<b>Total</b>	<b>1.172.576</b>	<b>945.755</b>

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

None.

*ii) Capital / Capital Adjustments Due to Cross Ownership*

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

Class A shares have concessions in the election of the Board of Directors but Class B shares have no concessions regarding the election of the Board of Directors. Class A shares belong to Datagate Bilgisayar Mal.Tic. A.Ş.



DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

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

Shareholders	31 December 2020		31 December 2019	
	Shareholding Rate %	Shareholding Amount	Shareholding Rate %	Shareholding Amount
Datagate Bilgisayar Mal.Tic. A.Ş.	49,13%	11.300.994	-	-
Desbil Teknolojik Ürünler A.Ş.	-	-	41,23%	9.482.262
Nevres Erol Bilecik	-	-	7,84%	1.803.996
Listed Shares	50,87%	11.699.006	50,87%	11.699.006
Other	-	-	0,06%	14.736
<b>Total</b>	<b>100%</b>	<b>23.000.000</b>	<b>100%</b>	<b>23.000.000</b>

In accordance with the Board of Directors decision dated 14 March 2012, numbered 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 ceiling limits of TL 25.000.000 registered capital, to be comprised of increased capital amounting to TL 11.500.000 from internal funding sources.

At the Ordinary General Assembly Meeting of Despec held on 18 June 2020, the valid period of the Registered Capital Ceiling will be extended to 2020-2024 and the registered capital ceiling will be increased from TL 50.000.000 (Fifty Million) to TL 75.000.000 (Seventyfive Million). The amendment of article 6 of the articles of association was registered by the Istanbul Trade Registry Office on 2 July 2020.

In accordance with the 9th article of Articles of Association titled "Board of Directors and Term" Class A bearer shareholders have the concessions for the election of members of the Board of Directors. When the Board of Directors consist of 5 or 6 members 4, when consist of 7 or 8 members 5, when consist of 9 members 6 members are nominated from candidates presented by Class A shareholders.

Even though Class B shares, which were listed on stock exchange to public gain the majority, since Class A shareholders have the aforementioned concessions, the management sovereignty will not be lost. In any case, the sovereignty will continue to belong Class A shareholders.

(iii) Share Premium

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

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

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

Account Name	31 December 2020	31 December 2019
Beginning of the Period – 1 January	(126.374)	(114.808)
Actuarial Gains and (Losses) (Note 24)	(124.006)	(14.458)
Tax Effect (Note 24, Note 35)	24.801	2.892
<b>Actuarial Gains and (Losses) (Net)</b>	<b>(225.579)</b>	<b>(126.374)</b>
<b>Gains/(losses) on Remeasurements of Defined Benefit Plans</b>	<b>(225.579)</b>	<b>(126.374)</b>
<b>Accumulated Other Comprehensive Income or Expenses not to be Reclassified in Profit or Loss</b>	<b>(225.579)</b>	<b>(126.374)</b>





## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

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

Account Name	31 December 2020	31 December 2019
Currency Translation Differences	606.110	606.110
<b>Currency Translation Differences (Net)</b>	<b>606.110</b>	<b>606.110</b>
<b>Accumulated Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss</b>	<b>606.110</b>	<b>606.110</b>

## iv) Restricted Reserves from Retained Earnings

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) Retained Earnings

Retained earnings include extraordinary reserves, and other retained earnings.

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

As of 31 December 2020 and 2019, equity items is as follows:

Account Name	31 December 2020	31 December 2019
Paid in Share Capital	23.000.000	23.000.000
Adjustment to Share Capital	437.133	437.133
Share Premium	2.967.707	2.967.707
Accumulated Other Comprehensive Income Or Expenses not to Be Reclassified In Profit Or Loss	(225.579)	(126.374)
-Gains/(Losses) on Remeasurements of Defined Benefit Plans	(225.579)	(126.374)
- Hedge Funds (Note 9)	-	-
Currency Translation Differences	606.110	606.110
Restricted Reserves from Retained Earnings	9.611.418	9.611.418
- Legal Reserves	9.611.418	9.611.418
Retained Earnings	41.393.990	28.930.019
Net Profit/(Loss) for the Period	20.257.748	12.463.971
<b>Total</b>	<b>98.048.527</b>	<b>77.889.984</b>



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**NOTE 28 REVENUE AND COST OF SALES**

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

Account Name	01 January 2020- 31 December 2020	01 January 2019- 31 December 2019
Domestic Sales	678.230.171	306.797.036
Foreign Sales and Other Sales	2.817.952	1.264.510
Sales Returns (-)	(21.534.483)	(26.916.667)
Sales and Other Discounts (-)	(942.551)	(662.724)
<b>Net Sales</b>	<b>658.571.089</b>	<b>280.482.155</b>
Cost of Goods Sold (-)	(622.000.632)	(255.720.098)
<b>Gross Profit</b>	<b>36.570.457</b>	<b>24.762.057</b>

Since depreciation and amortization expenses are in the nature of general expenses, they are included in operating expenses.

Provision for inventory impairment are accounted for cost of sales.

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

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

Account Name	01 January 2020- 31 December 2020	01 January 2019- 31 December 2019
General Administrative Expenses (-)	(7.031.339)	(5.595.833)
Marketing, Sales and Distribution Expenses (-)	(7.133.631)	(5.155.144)
<b>Total Operating Expenses</b>	<b>(14.164.970)</b>	<b>(10.750.977)</b>

**NOTE 30 EXPENSES BY NATURE**

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

Account Name	01 January 2020- 31 December 2020	01 January 2019- 31 December 2019
Personnel Expenses	(6.924.047)	(6.081.752)
Transportation, Distribution and Storage Expenses	(4.377.956)	(1.892.255)
Depreciation and Amortisation Charges	(490.868)	(568.897)
Rent Expenses	(82.193)	(157.022)
Information Systems and Communication Expenses	(54.690)	(51.500)
Travel Expenses	(11.904)	(80.301)
Motor Vehicle Expenses	(37.408)	(71.504)
Consultancy and Audit Expenses	(375.288)	(287.700)
Sales and International Trade Costs	(121.489)	(114.060)
Insurance Expenses	(590.811)	(300.104)
Advertisement and Promotion Expenses	(194.287)	(187.425)
Taxes, Duties and Charges	(71.066)	(41.582)
Provision for Employment Termination Benefits	(172.736)	(202.710)
Provision for Doubtful Receivables	(86.555)	(181.981)
Other Expenses	(573.672)	(532.184)
<b>Total Operating Expenses</b>	<b>(14.164.970)</b>	<b>(10.750.977)</b>

The Company's accounting, finance, audit, current accounts, warehouse, logistics, import, export and lease services are provided by Group companies of İndeks Bilgisayar A.Ş and Teklos Lojistik A.Ş. Invoice is issued on monthly basis to the Despec for the aforementioned services. The invoiced amounts are included in operating expenses. The detailed explanation of services invoiced by related parties is disclosed in Note 37.

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## NOTE 31 OTHER OPERATING INCOME / (EXPENSES)

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

Account Name	01 January 2020- 31 December 2020	01 January 2019- 31 December 2019
<b>Other Operating Income</b>	<b>31.954.671</b>	<b>18.689.946</b>
Interest Eliminated from Sales	10.534.757	5.746.410
Interest and Rediscount Income	670.649	1.072.482
Foreign Exchange Gains (Trade Receivables and Payables)	20.749.115	11.857.452
Other Income and Profits	150	13.602
<b>Other Operating Expenses (-)</b>	<b>(21.137.749)</b>	<b>(13.449.908)</b>
Interest Eliminated from Purchases	(1.576.063)	(2.034.324)
Interest and Rediscount Expenses	(1.948.167)	(788.209)
Foreign Exchange Losses (Trade Receivables and Payables)	(17.540.975)	(10.486.820)
Other Expenses and Losses (-) (*)	(72.544)	(140.555)
<b>Other Operating Income / Expenses (Net)</b>	<b>10.816.922</b>	<b>5.240.038</b>

(\*)Other expenses and losses include non tax deductible expenses such as taxes, penalties, motor vehicle taxes and special communication taxes.

## NOTE 32 GAINS/ (LOSSES) FROM INVESTMENT ACTIVITIES

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

Account Name	01 January 2020- 31 December 2020	01 January 2019- 31 December 2019
Dividend Income	-	6.067
Other	23.968	-
<b>Other Gains (Net)</b>	<b>23.968</b>	<b>6.067</b>

## NOTE 33 FINANCIAL INCOME / EXPENSE

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

Account Name	01 January 2020- 31 December 2020	01 January 2019- 31 December 2019
Interest Income	150.677	75.763
Foreign Exchange Gains	6.539.633	521.912
<b>Total Financial Income</b>	<b>6.690.310</b>	<b>597.675</b>

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

Account Name	01 January 2020- 31 December 2020	01 January 2019- 31 December 2019
Bank Charges and Interest Expenses	(13.381.374)	(3.723.545)
Foreign Exchange Losses	(184.632)	(168.652)
<b>Total Financial Expenses</b>	<b>(13.566.006)</b>	<b>(3.892.197)</b>

The Company has no capitalised financing costs during the period.

## NOTE 34 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.



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## NOTE 35 TAX ASSETS AND LIABILITIES

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

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

Account Name	01 January 2020- 31 December 2020	01 January 2019- 31 December 2019
Current Period Tax Expense (-)	(7.918.629)	(3.625.489)
Deferred Income Tax / (Expense)	1.805.696	126.797
<b>Total Tax Income / (Expense)</b>	<b>(6.112.933)</b>	<b>(3.498.692)</b>

Account Name	31 December 2020	31 December 2019
Current Income Tax Liabilities	7.918.629	3.625.489
Prepaid Taxes (-)	(7.721.307)	(2.361.940)
<b>Current income tax liabilities (net)</b>	<b>197.322</b>	<b>1.263.549</b>

## i) Current Period Statutory Tax Provision

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

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

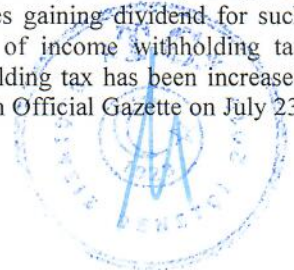
Pursuant to Article 24 of the Corporate Tax Law No. 5520, the corporate tax return is levied upon the declaration of the taxpayer. There is no clear and definitive agreement on tax assessment procedures in Turkey. Pursuant to Article 25 of the Corporate Tax Law No. 5520, corporations prepare and declare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

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

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

## Income Withholding Tax:

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



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ii) *Deferred Tax:*

The Company's tax basis with the statutory financial statements prepared in accordance with Turkish Financial Reporting Standards arising from differences between the financial statements for temporary differences and deferred tax assets and liabilities are accounted for published by POA. These differences usually result in the recognition of revenue and expenses in different reporting periods for tax purposes and for the purposes of the POA and disclosed below.

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

Account Name	31 December 2020 Cumulative Temporary Differences	31 December 2020 Deferred Tax Assets/ (Liabilities)	31 December 2019 Cumulative Temporary Differences	31 December 2019 Deferred Tax Assets/ (Liabilities)
Property, Plant and Equipment and Intangible Assets	(210.672)	(42.134)	(222.090)	(44.418)
Rediscount Expenses and Provisions	9.491.670	1.898.334	4.865.147	1.070.333
Provision for Employment Termination Benefits	748.409	149.682	490.369	98.074
Provision for Inventory Impairment	2.558.154	511.631	1.259.270	277.039
Provision for Lawsuits	46.048	9.210	43.062	9.474
Difference between Net Book Value and Tax Base of Inventories	296.481	59.296	170.525	37.516
Valuation Difference on Notes Payable	(123.906)	(24.781)	(127.786)	(28.113)
Derivative Instruments	3.104.246	620.849	(153.862)	(33.850)
Other	216.596	43.319	40.245	8.854
<b>Deferred Tax Assets / (Liabilities), Net</b>		<b>3.225.406</b>		<b>1.394.909</b>

	31 December 2020	31 December 2019
Deferred Tax Assets/(Liabilities) – Beginning of the Period	1.394.909	1.265.220
Actuarial Gains/Losses on Employment Termination Benefits	24.801	2.892
Deferred Income Tax / (Expense)	1.805.696	126.797
<b>Deferred tax assets (net) – End of the Period</b>	<b>3.225.406</b>	<b>1.394.909</b>

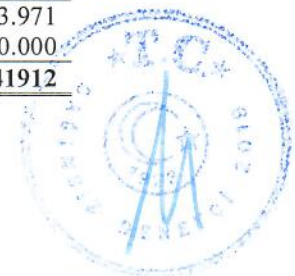
Unused tax credits disclosure:

The Company has no unused tax credits are carried forward to future periods.

**NOTE 36 EARNINGS PER SHARE**

Earnings per share disclosed in the profit or loss and other comprehensive income is determined by dividing the net income by the weighted average number of shares that have been outstanding during the relevant period. Number of total shares and calculation of earnings per share at 1 January – 31 December 2020 and 2019 is as follows:

Account Name	01 January 2020- 31 December 2020	01 January 2019- 31 December 2019
Profit for the Period	20.257.748	12.463.971
Weighted Average Number of Shares	23.000.000	23.000.000
<b>Earnings Per Share</b>	<b>0,880772</b>	<b>0,541912</b>



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NOTE 37 RELATED PARTY DISCLOSURES

a) Related parties balances are as follows:

31 December 2020	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other Payables
İndeks A.Ş.	-	-	6.407.047	-
Desbil A.Ş.	82.282	-	-	-
Teklos A.Ş.	-	-	427.777	-
Neotech A.Ş.	-	-	-	-
İnfin A.Ş.	-	-	-	-
Artım A.Ş.	-	-	-	-
Neteks A.Ş.	-	-	-	-
Neteks Teknoloji A.Ş.	-	-	-	-
Homend A.Ş.	-	-	-	-
Datagate A.Ş.	-	-	-	-
<b>Total</b>	<b>82.282</b>	<b>-</b>	<b>6.834.824</b>	<b>-</b>

31 December 2019	Receivables		Payables	
	Trade Receivables	Other Receivables	Trade Payables	Other Payables
İndeks A.Ş.	-	-	1.070.163	-
Desbil A.Ş.	54	-	-	-
Teklos A.Ş.	-	-	262.538	-
İnfin 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>

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

b) Related parties transactions are as follows:

31 December 2020

Sales	Goods and Services	Joint Venture	Interest Income and Foreign Exchange Gains		Total
Datagate A.Ş.	709.884	4.223	56.146		770.253
İndeks A.Ş.	2.357.532	1.284.922	1.329.903		4.972.357
Homend A.Ş.	187.732	68	32.506		220.306
İnfin A.Ş.	-	16	1.884		1.900
Neteks Teknoloji A.Ş.	86.004	1.202	8.999		96.205
Teklos A.Ş.	69.301	1.436	6.145		76.882
<b>Total</b>	<b>3.410.453</b>	<b>1.291.867</b>	<b>1.435.583</b>		<b>6.137.903</b>



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Purchases	Goods and Services	Joint Venture	Interest Expenses and Foreign Exchange Losses	Total
Datagate A.Ş.	161.459	-	1.340.162	1.501.621
İndeks A.Ş.	14.476.700	2.211.312	1.953.270	18.641.282
İnfin A.Ş.	-	-	-	-
Neteks Teknoloji A.Ş.	18.431	-	2.043	20.474
Teklos A.Ş.	4.662.932	304.572	55.461	5.022.965
<b>Total</b>	<b>19.319.522</b>	<b>2.515.884</b>	<b>3.350.936</b>	<b>25.186.342</b>

The Company has no letters of guarantee received or given from related parties during the period.

31 December 2019

Sales	Goods and Services	Joint Venture	Interest Income and Foreign Exchange Gains	Total
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
İnfin 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	Goods and Services	Joint Venture	Interest Expenses and Foreign Exchange Losses	Total
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
İnfin 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>

The Company has no letters of guarantee received or given from related parties during the period.

Key management compensation:

Account Name	31 December 2020	31 December 2019
Key management compensation	2.310.918	1.986.014
Employment termination benefits	-	-
Other long term benefits	-	-
<b>Total</b>	<b>2.310.918</b>	<b>1.986.014</b>

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



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## NOTE 38 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

## Financial Instruments and Financial Risk Management

## (a) Capital Risk Management

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

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

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

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

Net financial debt/invested capital ratios as of 31 December 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Total borrowings	179.152.836	73.143.160
Less: Cash and cash equivalents	(12.690.241)	(2.505.542)
Net financial debt	166.462.595	70.637.618
Equity	98.048.527	77.889.984
Total Capital	264.511.122	148.527.602
<b>Net financial debt/total equity multiplier</b>	<b>0,6293</b>	<b>0,4756</b>

## (b) Significant accounting policies

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

## (c) Risks

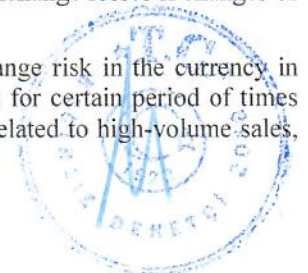
Because of its operations, the Company is exposed to financial risks related to exchange rates (article d) and interest rates (article f). The Company also holds the financial instruments risk that other party not be able to meet the requirements of the agreement (article e).

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 were not changed compare to previous year.

## (d) Foreign Exchange Risk

IT products and consumables are either imported or purchased domestically using denominated in foreign currencies. During the acquisition of these products by the Company are usually foreign currency denominated payables and payments are also made in same currencies. The Company which do not adopt their sales policies using foreign currencies in which they purchase the products may encounter foreign exchange losses if changes of the exchange rates of different foreign currencies in net foreign currency position.

Despec determines the currencies for sales of the products against the foreign exchange risk in the currency, in which the products are supplied. However, sales can be made in different currencies for certain period of times within the framework of market conditions. In order to avoid foreign exchange risk related to high-volume sales, especially during periods of volatility, forward transactions are made accordingly.





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

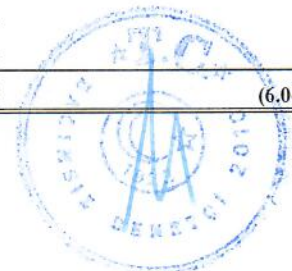
As of 31 December 2020, if EUR and USD had appreciated by 10% against TL with all other variables held constant, profit before tax would have been TL 8.288.920 higher. (31 December 2019: TL 6.042.589 higher)

**Exchange Rate Sensitivity Analysis Table**

	Current Period 31 December 2020	
	Appreciation of Foreign Currency	Profit / Loss Depreciation of Foreign Currency
The impact of 10% USD increase in income statement		
1- USD Net Asset / Liability	7.651.532	(7.651.532)
2- Hedged portion of USD Risk (-)		
<b>3- USD Net Effect (1+2)</b>	<b>7.651.532</b>	<b>(7.651.532)</b>
The impact of 10% EURO increase in income statement		
4- EURO Net Asset / Liability	637.388	(637.388)
5- Hedged portion of Euro Risk (-)		
<b>6- EURO Net Effect (4+5)</b>	<b>637.388</b>	<b>(637.388)</b>
The impact of 10% Other currencies increase in income statement		
7- Other currencies Net Asset / Liability	-	-
8- Hedged portion of Other Currencies Risk (-)	-	-
<b>9- Other Currencies Net Effect (7+8)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>8.288.920</b>	<b>(8.288.920)</b>

**Exchange Rate Sensitivity Analysis Table**

	Prior Period 31 December 2019	
	Appreciation of Foreign Currency	Profit / Loss Depreciation of Foreign Currency
The impact of 10% USD increase in income statement		
1- USD Net Asset / Liability	5.341.376	(5.341.376)
2- Hedged portion of USD Risk (-)		
<b>3- USD Net Effect (1+2)</b>	<b>5.341.376</b>	<b>(5.341.376)</b>
The impact of 10% EURO increase in income statement		
4- EURO Net Asset / Liability	701.213	(701.213)
5- Hedged portion of Euro Risk (-)	-	-
<b>6- EURO Net Effect (4+5)</b>	<b>701.213</b>	<b>(701.213)</b>
The impact of 10% Other currencies increase in income statement		
7- Other currencies Net Asset / Liability	-	-
8- Hedged portion of Other Currencies Risk (-)	-	-
<b>9- Other Currencies Net Effect (7+8)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>6.042.589</b>	<b>(6.042.589)</b>



Foreign Exchange Position Table

	31 December 2020			31 December 2019		
	TL Equivalent	USD	EURO	TL Equivalent	USD	EURO
1. Trade Receivables	30.045.977	4.088.443	3.859	33.571.030	4.977.626	601.891
2a. Monetary Financial Assets	10.066.249	735.217	518.366	1.776.143	296.081	2.611
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	21.292.326	2.288.062	499.207	10.544.463	1.196.289	516.986
<b>4. Total Current Assets (1+2+3)</b>	<b>61.404.552</b>	<b>7.111.722</b>	<b>1.021.432</b>	<b>45.891.636</b>	<b>6.469.996</b>	<b>1.121.488</b>
5. Trade Receivables	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
<b>8. Total Non Current Assets(5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>61.404.552</b>	<b>7.111.722</b>	<b>1.021.432</b>	<b>45.891.636</b>	<b>6.469.996</b>	<b>1.121.488</b>
10. Trade Payables	8.577.547	788.967	309.299	3.521.309	548.138	39.885
11. Financial Liabilities	-	-	-	105.195	17.709	-
12a. Other Monetary Liabilities	72.388	4.284	4.545	48.403	7.255	798
12b. Other Non- Monetary Liabilities	-	-	-	1.531.909	228.281	26.445
<b>13. Total Current Liabilities (10+11+12)</b>	<b>8.649.935</b>	<b>793.251</b>	<b>313.844</b>	<b>5.206.816</b>	<b>801.383</b>	<b>67.128</b>
14. Trade Payables	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-	-	-	-
<b>17. Total Non Current 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>8.649.935</b>	<b>793.251</b>	<b>313.844</b>	<b>5.206.816</b>	<b>801.383</b>	<b>67.128</b>
<b>19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)</b>	<b>30.134.587</b>	<b>4.105.250</b>	<b>-</b>	<b>19.741.067</b>	<b>3.323.300</b>	<b>-</b>
19a. Total Asset Amount of Hedged	30.134.587	4.105.250	-	19.741.067	3.323.300	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-
<b>20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)</b>	<b>82.889.204</b>	<b>10.423.721</b>	<b>707.588</b>	<b>60.425.887</b>	<b>8.991.913</b>	<b>1.054.360</b>
<b>21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)</b>	<b>31.462.291</b>	<b>4.030.409</b>	<b>208.381</b>	<b>31.672.266</b>	<b>4.700.605</b>	<b>563.819</b>
<b>22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge</b>	<b>33.238.834</b>	<b>4.105.250</b>	<b>-</b>	<b>19.587.205</b>	<b>3.323.300</b>	<b>-</b>
23. Foreign Exchange Hedged Portion Amount of Assets	33.238.834	4.105.250	-	19.587.205	3.323.300	-
24. Foreign Exchange Hedged Portion Amount of Liabilities	-	-	-	-	-	-
25. Export	420.900	-	-	1.207.715	-	-
26. Import	205.608.682	-	-	149.203.975	-	-



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c2 ) Credit Risk Details

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

31 December 2020	Receivables				Bank Deposits		
	Trade Receivables		Other Receivables		Notes	Notes	
	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	82.282	190.522.858	-	312.076		11.997.428	
- Maximum risk, secured with guarantees	-	78.852.652	-	-		-	
<b>A. Net book value of neither past due nor impaired financial assets</b>	<b>82.282</b>	<b>190.101.068</b>	<b>-</b>	<b>312.076</b>	<b>10-11</b>	<b>11.997.428</b>	<b>6</b>
<b>B. Net book value of past due but not impaired financial assets</b>	<b>-</b>	<b>421.790</b>	<b>-</b>	<b>-</b>		<b>-</b>	
- Secured with guarantees	-	-	-	-		-	
<b>C. Net book value of impaired assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10-11</b>	<b>-</b>	<b>6</b>
- Past due (gross amount)	-	2.543.061	-	-		-	
- Impairment (-)	-	(2.543.061)	-	-	<b>10-11</b>	-	<b>6</b>
- Secured with guarantees	-	-	-	-	<b>10-11</b>	-	<b>6</b>
- Not past due (gross amount)	-	-	-	-	<b>10-11</b>	-	<b>6</b>
- Impairment (-)	-	-	-	-	<b>10-11</b>	-	<b>6</b>
- Secured with guarantees	-	-	-	-	<b>10-11</b>	-	<b>6</b>
<b>D. Expected Credit Losses (-)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10-11</b>	<b>-</b>	



DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

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31 December 2019	Receivables				Bank Deposits		
	Trade Receivables		Other Receivables		Notes	Notes	
	Related Party	Other	Related Party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	18.004	95.592.534	-	372.632		2.270.329	
- Maximum risk, secured with guarantees	-	41.841.278	-	-			
<b>A. Net book value of neither past due nor impaired financial assets</b>	<b>18.004</b>	<b>95.227.314</b>	<b>-</b>	<b>372.632</b>	<b>10-11</b>	<b>2.270.329</b>	<b>6</b>
<b>B. Net book value of past due but not impaired financial assets</b>	<b>-</b>	<b>365.220</b>	<b>-</b>	<b>-</b>		<b>-</b>	
- Secured with guarantees	-	-	-	-		-	
<b>C. Net book value of impaired assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10-11</b>	<b>-</b>	<b>6</b>
- Past due (gross amount)	-	2.456.506	-	-		-	
- Impairment (-)	-	(2.456.506)	-	-	10-11	-	6
- Secured with guarantees	-	-	-	-	10-11	-	6
- Not past due (gross amount)	-	-	-	-	10-11	-	6
- Impairment (-)	-	-	-	-	10-11	-	6
- Secured with guarantees	-	-	-	-	10-11	-	6
<b>D. Expected Credit Losses (-)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10-11</b>	<b>-</b>	



## DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ

NOTES TO THE FINANCIAL STATEMENTS  
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31 December 2020	Receivables	
	Trade Receivables	Other Receivables
Past due up to 1 month	709.119	-
Past due 1-3 months	137.261	-
Past due more than 3 months	128.664	-
Secured with guarantees	553.254	-

31 December 2019	Receivables	
	Trade Receivables	Other Receivables
Past due up to 1 month	465.012	-
Past due 1-3 months	127.924	-
Past due more than 3 months	97.160	-
Secured with guarantees	324.876	-

## Credit Risk Management

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

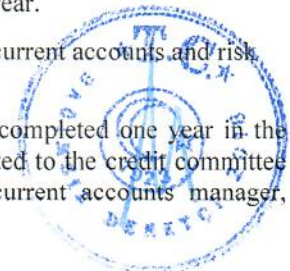
For receivables exceeding the maturity of several months, enforcement proceedings and / or lawsuits are filed. The same process could be executed some dealers who are in financial stress. Since profit margins in the sector are low, collection of receivables is extremely important. There are current accounts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

Despec sells goods to Turkey in nearly every enterprise engaged in the buying and selling of computers. The capital structure of the dealers, which are defined as the classic dealers within the distribution channel, is low. This group of dealers, which is estimated to be around 5,000 in Turkey, takes the risk in terms of risk management, the Company has established its own organization and working system to minimize the group and take necessary measures. Measures taken can be listed as follows:

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

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

Credit Committee: The necessary intelligence services of the companies that have completed one year in the sector and the credit limit increase are arranged by the intelligence team and presented to the credit committee collected every week. The credit committee consists of the finance manager, current accounts manager,



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intelligence staff and the sales department manager of the relevant customer, under the chairmanship of the deputy general manager in charge of financial affairs. The credit committee establishes credit limits to firms based on the information obtained and past payment and sales performance. It determines the mode of operation and, if necessary, requests the collateral to be received from the dealer.

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

The Company has credit insurance policy from Euler Hermes Sigorta A.Ş. within borders of Turkey for insuring its trade receivables until 31.03.2021 (the payment guarantee for trade receivables is determined as 80%-90%).

## -f) Interest Rate Risk

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

## Interest Rate Position Table

	31 December 2020	31 December 2019
<b>Fixed Interest Rate Financial Instruments</b>		
Financial Assets	1.650.712	1.591.995
Financial Liabilities	134.378.406	38.226.613
<b>Floating Interest Rate Financial Instruments</b>		
Financial Assets	-	-
Financial Liabilities	-	-

As of 31 December 2020, in the case of 100 bps rise in the annual interests, with all other variables held constant, profit before tax would have been TL 1.327.277 lower.

As of 31 December 2019, in the case of 100 bps rise in the annual interests, with all other variables held constant, profit before tax would have been TL 366.346 lower.

## -g) Other Risks

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

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

## -h) Liquidity Risk

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

**Liquidity risk statements**

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



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

31 December 2020

	Carrying Value	Total Contractual Cash Outflow	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
<b>Non Derivative Financial Liabilities</b>	<b>171.945.718</b>	<b>175.602.123</b>	<b>120.044.972</b>	<b>54.622.427</b>	<b>934.724</b>	<b>-</b>
<i>Bank Borrowings</i>	133.173.723	136.355.000	82.198.458	54.156.542		-
<i>Lease Liabilities</i>	1.204.683	1.555.904	155.295	465.885	934.724	-
<i>Trade Payables</i>	37.349.968	37.473.875	37.473.875			-
<i>Other Payables</i>	217.344	217.344	217.344			-

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

31 December 2019

	Carrying Value	Total Contractual Cash Outflow	Demand or up to 3 months	3-12 months	1-5 years	5 years and over
<b>Non Derivative Financial Liabilities</b>	<b>68.268.847</b>	<b>68.776.847</b>	<b>67.495.145</b>	<b>349.702</b>	<b>932.000</b>	<b>-</b>
<i>Bank Borrowings</i>	37.181.456	37.192.915	37.192.915	-	-	-
<i>Lease Liabilities</i>	1.045.157	1.413.912	132.210	349.702	932.000	-
<i>Trade Payables</i>	29.889.327	30.017.113	30.017.113	-	-	-
<i>Other Payables</i>	152.907	152.907	152.907	-	-	-

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



**DESPEC BİLGİSAYAR PAZARLAMA VE TİCARET ANONİM ŞİRKETİ**

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*(Amounts are expressed in ("TL") unless otherwise indicated.)*

**NOTE 39 FINANCIAL INSTRUMENTS**

The fair value of financial instruments is considered to approximate their carrying values.

Financial Risk Management

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

In order to minimise potential adverse effects on the Company's financial performance, the Company uses forward foreign exchange contracts as financial instruments that are derivatives, although not in significant amounts. The Company does not have any speculative financial instrument (including derivative instruments) and does not have any activity regarding the purchase and sale of such instruments.

**NOTE 40 EVENTS AFTER THE BALANCE SHEET DATE**

None.

**NOTE 41 THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE FINANCIAL STATEMENTS**

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

