ARENA INTERNATIONAL FZE

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 AND
INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Arena International FZE

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arena International FZE (the "Company") as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of 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.

- Obtain an understanding of 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 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

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.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mert Tüten, SMMM
Independent Auditor

Istanbul, 10 May 2024

ARENA INTERNATIONAL FZE

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ARENA INTERNATIONAL FZE

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed United Arab Emirates dirham ("AED") unless otherwise indicated.)

ASSETS	Notes	31 December 2023	31 December 2022
Current assets			
Cash and cash equivalents	4	76.041.262	70.676.235
Financial asset at fair value through profit or loss	10	9.840.839	47.902.289
Trade receivables	5	13.832.844	1.795.195
Other current assets	7	17.097.226	6.755.033
Total current assets		**116.812.171**	**127.128.752**
Total assets		**116.812.171**	**127.128.752**

LIABILITIES AND EQUITY	Notes	31 December 2023	31 December 2022
Current liabilities			
Trade payables	8	79.333.906	120.939.912
Due to related parties	6	32.281.120	2.343.249
Other current liabilities	9	508.720	-
Total current liabilities		**112.123.746**	**123.283.161**
Total liabilities		**112.123.746**	**123.283.161**
Equity			
Share capital	11	1.000.000	1.000.000
Currency translation differences		513	513
Retained earnings		3.687.912	2.845.078
Total equity		**4.688.425**	**3.845.591**
Total liabilities and equity		**116.812.171**	**127.128.752**

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

ARENA INTERNATIONAL FZE

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 20223

(Amounts expressed United Arab Emirates dirham ("AED") unless otherwise indicated.)

	Notes	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Net sales	12	655.312.709	691.744.586
Cost of sales	12	(621.506.798)	(662.130.635)
Gross profit		**33.805.911**	**29.613.951**
Operating expenses	13	(353.199)	(617.402)
Other gains / (losses), net	15	1.682.001	4.253.525
Financial income / (expenses), net	14	(230.551)	990.317
Profit before income taxes		**34.904.162**	**34.240.391**
Income tax expenses		-	-
Profit for the year		**34.904.162**	**34.240.391**
Other comprehensive income		-	-
Total comprehensive income for the year		**34.904.162**	**34.240.391**

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

ARENA INTERNATIONAL FZE

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in United Arab Emirates dirham ("AED") unless otherwise indicated.)

	Share capital	Currency translation differences	Retained earnings	Total equity
Balance at 1 January 2022	1.000.000	513	910.234	1.910.747
Dividends paid	-	-	(32.305.547)	(32.305.547)
Total comprehensive income for the year	-	-	34.240.391	34.240.391
Balance at 31 December 2022	1.000.000	513	2.845.078	3.845.591
Balance at 1 January 2023	1.000.000	513	2.845.078	3.845.591
Dividends paid	-	-	(34.061.328)	(34.061.328)
Total comprehensive income for the year	-	-	34.904.162	34.904.162
Balance at 31 December 2023	1.000.000	513	3.687.912	4.688.425

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

ARENA INTERNATIONAL FZE

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in United Arab Emirates dirham ("AED") unless otherwise indicated.)

	Notes	1 January- 31 December 2023	1 January- 31 December 2022
Profit before income taxes		34.904.162	34.240.391
Adjustments for:			
Interest (income) / expenses,net	14	(7.020.655)	(959.284)
Fair value gains on financial investments	15	(1.682.001)	(4.253.525)
Changes in working capital			
Change in trade receivables		17.900.222	1.294.401
Change in due from related parties		-	39.132.693
Change in other current assets		(10.342.193)	6.094.273
Change in trade payables		(41.606.006)	26.476.045
Change in other current liabilities		508.720	(114.460)
Net cash provided by operating activities		**(7.337.751)**	**101.910.534**
Cash flows from investing activities			
Interest received and paid		7.020.655	959.284
Payments for financial assets at fair value through profit or loss		39.743.451	(43.648.764)
Net cash provided by investing activities		**46.764.106**	**(42.689.480)**
Cash flows from financing activities:			
Dividends paid		(34.061.328)	(32.305.547)
Net cash used in financing activities		**(34.061.328)**	**(32.305.547)**
Net increase / (decrease) in cash and cash equivalents		5.365.027	26.915.507
Cash and cash equivalents at the beginning of year	**4**	**70.676.235**	**43.760.728**
Cash and cash equivalents at the end of year	**4**	**76.041.262**	**70.676.235**

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

NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES

Arena International FZE ("AIFZE" or the "Company") was incorporated on 23 May 2011. The Company is engaged in international trade of personal computers, peripherals, consumer electronics, software and telecommunication devices.

The Company is wholly owned subsidiary of Arena Bilgisayar Sanayi ve Ticaret A.Ş.

The Company is registered in United Arab Emirates. The address of its registered office is as follows:

Jebel Ali Free Zone
P.O Box 261802
Dubai, the United Arab Emirates

99% of the Company's sales in 2023 consists of sales to Arena Bilgisayar Sanayi ve Ticaret A.Ş.

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL INFORMATION

a) Basis of Preparation

The financial statements of AIFZE at 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The Company maintains its accounting records in accordance with the laws and regulations in force in the country where it is registered. These financial statements are prepared under the historical cost convention, adjusted, where required by IFRS, to measure certain items at fair value.

Going Concern

The financial statements of the Company are prepared on a going concern basis, which presumes the realization of assets and settlement of liabilities in the normal course of operations and in the foreseeable future.

Foreign currency translation

The Company's functional currency is the US Dollar, based on the fact that a significant portion of its sales and purchases are denominated and settled in that currency in accordance with IAS 21, "The Effects of Changes in Foreign Exhange Rates". The financial statements are presented in the United Arab Emirates dirham ("AED"), which is the Company's presentation currency.

The results and financial position of the Company are translated into the presentation currency as follows:

- Assets and liabilities as at each reporting date presented are translated at the closing rate at the date of that reporting date;
- Income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of transactions); and
- All resulting exchange differences are recognized in other comprehensive income.

The following table summarizes the period end and average exchange rates of AED for 1.00 US Dollar at 31 December 2023 and 2022 and for the period then ended:

	2023		2022	
	Period end	**Average**	**Period end**	**Average**
USD / AED	3,6725	3,6725	3,6725	3,6725

NOTE 2 - BASIS OF PREPARATION OF FINANCIAL INFORMATION (continued)

a) Standards, amendments and interpretations that are issued but not effective as at 31 December 2023

- **Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

- **IFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permited a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

- **Amendment to IAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The mamendments also introduce targeted disclosure requirements for affected companies.

b) Standards, amendments and interpretations that are issued but not effective as of 31 December 2023:

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

  The impacts of the new standarts, amendments and improvements on the financial position and performance of the Company is being assessed.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

3.1 Accounting Policies

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The Company classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income "FVTOCI":

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss "FVTPL".

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

3.1 Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is recognised in profit or loss statement and is included in the "finance income - interest income" line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item,
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve,
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company utilizes a simplified approach for non-significant trade receivables, contract assets and lease receivables and calculates the allowance for impairment against the lifetime expected credit loss ("ECL") of the related financial assets.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Company continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where IFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.
Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of profit or loss over the period. Borrowing costs are charged to the statement of profit or loss when they are incurred. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Recognition and de-recognition of financial instruments

All purchases and sales of financial assets are recognized on the trade date i.e. the date that the Company commits to purchase or to sell the asset. These purchases or sales are purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the financial statements. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Derivative financial instruments (continued)

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Company has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Revenue recognition

Revenue is recognized in the financial statements at the transaction cost. The transaction fee is the amount that the Company expects to receive in return for transferring the goods or services that it has committed to the customer, except for the amounts collected on behalf of third parties. When the control of the goods or services is transferred to the customers, the related amount is reflected to the financial statements as revenue.

Cash and cash equivalents

Cash and cash equivalents are carried at cost value. Cash and cash equivalents comprise cash on hand and demand deposits, credit card receivables and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value (Note 4). Credit card receivables presented within cash and cash equivalents are transferred to bank accounts in the first business day following the reporting date without any discount in the nominal value.

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person,

(i) has control or joint control over the reporting entity,

(ii) has significant influence over the reporting entity,

(iii)is a member of the key management personnel of the reporting entity or of a parent of the reporting entity

b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a)
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged (Note 6).

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Taxation

Current tax

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

Deferred income taxes

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

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

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

Deferred tax assets and liabilities and current tax assets and liabilities are offset if there is a legally enforceable right to do so and if the related income taxes levied by the same taxation authority and if the Company has an intention to pay current tax assets and liabilities net.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

There is no federal tax legislation in the United Arab Emirates, instead each emirate has its own tax law.

There are currently legislations in force in the Emirates of Abu Dhabi, Dubai and Sharjah establishing a general corporate taxation regime, namely, the Abu Dhabi income tax decree of 1965, Sharjah Income Tax Decree of 1968; and Dubai income tax decree of 1969.

In practice, only oil, gas and petrochemical companies and branch offices of foreign banks are required to pay taxes. Consequently, the Company is not subject to any corporate, withholding, capital or value-added tax as a result of its operations in Dubai.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Provision for employment termination benefits

Under Turkish law, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) “Employee Benefits” (“IAS 19”).

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

The provision for employment termination benefits represents the present value of the estimated total provision of the future probable obligation of the Company discounted with appropriate discount rate arising from the retirement of the employees calculated in accordance with the laws and regulations in force in the countries where they are registered.

Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities and contingent assets

A possible obligation or asset that arises 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 have not been recognised in these financial statements and treated as contingent liabilities and contingent assets.

Capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Statement of cash flows

In statement of cash flow, cash flows are classified as from operating, investment and finance activities. The Company presents its cash flows from operating activities in an indirect way where the net profit or loss is adjusted for the effects of non-cash transactions, cash inflows and outflows related to past and future transactions, accruals or deferrals and income or expense items related to cash flows related to investment or financing.

Events after the reporting period

Events after the reporting period comprise any event between the reporting date and the date of authorization of the financial statements, even if the event after the reporting date occurred subsequent to an announcement on the Company’s profit or following any selected financial information that are released.

In the case of events requiring adjustments, the Company adjusts the amounts recognized in its financial statements to reflect the event

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Use of Estimates

Preparation of the financial statements requires the use of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the reporting date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. 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.

3.3 Offsetting

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

3.4 Change in Accounting Policies

Changes made in the accounting policies are applied retrospectively and prior year financial statements are restated. There are no changes in the accounting policies of the Company during the period.

3.5 Changes in the Accounting Estimates and Errors

If changes in the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future period, they are applied both in current and future periods. If a significant accounting error detected, adjustments are applied retrospectively and prior year financial statements are restated.

3.6 Comparative Information and Restatement of Prior Period Financial Statements

Financial statements of the Company have been prepared comparatively with the prior period in order to give information about financial position and performance. If the presentation or classification of the financial statements is changed, in order to maintain consistency, financial statements of the prior periods are also reclassified in line with the related changes. There are no changes in the financial statements of the prior periods of the Company during the period.

NOTE 4 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Cash at banks		
-Demand deposits	36.704.937	8.863.259
-Time deposits	36.902.085	61.514.375
Accrued interest income	2.434.240	298.601
	76.041.262	70.676.235

As at 31 December 2023, time deposits are denominated in US Dollars and the annual interest rates are between 2,33% - 3,75% (31 December 2022: 0,50% - 3,20%).

NOTE 5 - TRADE RECEIVABLES

The analysis of accounts receivables at 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Trade receivables	13.832.844	1.795.195

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

i) Due to related parties:

	31 December 2023	31 December 2022
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	32.281.120	2.343.249
	32.281.120	2.343.249

ii) Sales to related parties:

	31 December 2023	31 December 2022
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	644.965.393	691.755.193
	644.965.393	691.755.193

iii) Purchases from related parties:

	31 December 2023	31 December 2022
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	16.223.008	-
	16.223.008	-

NOTE 7 - OTHER CURRENT ASSETS

The analysis of other current assets at 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Order advances given	17.057.777	6.693.858
Deferred VAT	39.449	61.175
	17.097.226	6.755.033

NOTE 8 - TRADE PAYABLES

The analysis of trade payables at 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Trade payables	79.333.906	120.939.912

NOTE 9 - OTHER CURRENT LIABILITIES

The analysis of other current liabilities at 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Advances received	508.720	-

NOTE 10 - FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023	31 December 2022
Currency protected deposit	9.840.839	47.902.289

As of 31 December 2023, the maturities of the Company's currency protected deposits are mostly six months and interest rates of the Company's currency protected deposits are between 30%.

For the period ended 31 December 2023, the Company has recognised for the fair value difference of AED 1.682.001 for the currency protected deposit account in the statement of profit (Note 15).

NOTE 11 - SHARE CAPITAL

At 31 December 2023 and 2022, the Company's share capital and shareholding structure in terms of AED is as follows:

	31 December 2023		31 December 2022	
	Share %	AED	Share %	AED
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	100,00	1.000.000	100,00	1.000.000

The dividend amounting of AED 34.061.328 is paid in 2023 (2022: AED 32.305.547).

NOTE 12 - NET SALES AND COST OF SALES

The analysis of sales for the years ended 31 December 2023 and 2022 is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign sales	671.563.929	697.751.096
Sales discounts and returns	(16.251.220)	(6.006.510)
Net sales	655.312.709	691.744.586
Cost of sales	(621.506.798)	(662.130.635)
Gross profit	33.805.911	29.613.951

The Company recognizes revenue from sources in wholesale trade of telecommunications products, including mobile phones and other mobile devices. Related party revenue generates 51% of its total revenues for 31 December 2023.

NOTE 13 - OPERATING EXPENSES

The analysis of operating expenses for the years ended at 31 December 2023 and 2022 is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	315.692	520.661
Consultancy expenses	28.658	55.800
Other	8.849	40.941
	353.199	617.402

NOTE 14 - FINANCIAL INCOME AND EXPENSES, NET

The analysis of financial income and expenses for years ended 31 December 2023 and 2022 is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Interest income	7.177.056	1.078.735
Foreign exchange gains / (losses)	(7.251.206)	31.033
Interest expenses	(156.401)	(119.451)
	(230.551)	990.317

NOTE 15 - OTHER GAINS / (LOSSES), NET

	1 January- 31 December 2023	1 January- 31 December 2022
Fair value gain on financial investments	1.682.001	4.253.525
	1.682.001	4.253.525

NOTE 16 - TAXATION ON INCOME

There is no federal tax legislation in the United Arab Emirates, instead each emirate has its own tax law.

There are currently legislations in force in the Emirates of Abu Dhabi, Dubai and Sharjah establishing a general corporate taxation regime, namely, the Abu Dhabi income tax decree of 1965, Sharjah Income Tax Decree of 1968; and Dubai income tax decree of 1969.

In practice, only oil, gas and petrochemical companies and branch offices of foreign banks are required to pay taxes. Consequently, the Company is not subject to any corporate, withholding, capital or value-added tax as a result of its operations in Dubai.

NOTE 17 - FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, limited fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Company has no major interest rate risk as 31 December 2023 and 2022 since there are no assets or liabilities with floating interest rate.

i) Cash flow and fair value interest rate risk

The Company is not exposed to major interest rate risk since there is no significant interest bearing liabilities and assets.

ii) Credit risk

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. The Company closely monitors its customers and the risks are monitored by limiting the aggregate risk to any individual counterparty.

	Receivables			
	Trade receivables			
31 December 2023	**Related party**	**Other party**	**Bank deposits**	**Other (*)**
The maximum amount of exposure to credit risk at the end of the reporting period	-	13.832.844	76.041.262	9.840.839
-Total receivable that have been secured with collaterals, other credit enhancements etc	-	-	-	-
Financial assets that are neither past due nor impaired	-	13.832.844	76.041.262	9.840.839
The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc	-	-	-	-
The amount of financial assets that are impaired	-	-	-	-
-Past due (Gross book value)	-	-	-	-
-The amount of impairment (-)	-	-	-	-
-The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-

(*) Other consists of financial asset at fair value through profit or loss.

NOTE 17 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

ii) Credit risk (continued)

	Receivables			
	Trade receivables			
31 December 2022	**Related party**	**Other party**	**Bank deposits**	**Other (*)**
The maximum amount of exposure to credit risk at the end of the reporting period	-	1.795.195	70.676.235	47.902.289
-Total receivable that have been secured with collaterals, other credit enhancements etc	-	-	-	-
Financial assets that are neither past due nor impaired	-	1.795.195	70.676.235	47.902.289
The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc	-	-	-	-
The amount of financial assets that are impaired	-	-	-	-
-Past due (Gross book value)	-	-	-	-
-The amount of impairment (-)	-	-	-	-
-The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-

(*) Other consists of financial asset at fair value through profit or loss.

iii) Foreign currency risk

As disclosed in Note 2, the Company's functional currency is the US Dollar, based on the fact that a significant portion of its sales and purchases are denominated and settled in that currency. As a result of US Dollar denomination of sales and purchases, consequently trade receivables and trade payables, the Company is not significantly exposed to changes in foreign currencies.

As the functional currency of the Company is US Dollar, the Company monitors its foreign exchange risk by analysing the AED denominated assets and liabilities. The Company defines the foreign currency risk as the mismatch between AED denominated assets and liabilities. The Company does not use derivative financial instruments to hedge foreign currency risk.

The Company's foreign currency risk (open exposure) is monitored by the management on a daily basis. The objective of the management is to keep the open exposure within levels determined by the Board of Directors.

As of 31 December 2023 and 2022 the Company has immaterial foreign currency denominated assets or liabilities.

NOTE 17 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

iv) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Due to the dynamic nature of the underlying businesses, the Company maintains flexibility in funding by maintaining availability under available credit lines

The liquidity risk of the Company as of 31 December 2023 and 2022 is as follows:

31 December 2023	Carrying value	Cash outflows according to agreements (I+ II)	Less than 3 months (I)	Between 3-12 months (II)
Non derivative financial liabilities				
Trade payables	79.333.906	79.333.906	79.333.906	-
Due to related parties	32.281.120	32.281.120	32.281.120	-
	111.615.026	111.615.026	111.615.026	-

31 December 2022	Carrying value	Cash outflows according to agreements (I+ II)	Less than 3 months (I)	Between 3-12 months (II)
Non derivative financial liabilities				
Trade payables	120.939.912	120.939.912	120.939.912	-
Due to related parties	2.343.249	2.343.249	2.343.249	-
	123.283.161	123.283.161	123.283.161	-

NOTE 18 – FINANCIAL INSTRUMENTS

Categories of financial instruments and fair values

31 December 2023	Financial assets at amortized cost	Financial assets/liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Carrying value	Fair value	Note
Financial assets						
Cash and cash equivalents	76.041.262	-	-	76.041.262	76.041.262	4
Financial asset at fair value through profit or loss	-	9.840.839	-	9.840.839	9.840.839	10
Accounts receivable	13.832.844	-	-	13.832.844	13.832.844	5
Financial liabilities						
Trade payables	-	-	79.333.906	79.333.906	79.333.906	8
Due to related parties	-	-	32.281.120	32.281.120	32.281.120	9

NOTE 18 – FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments and fair values (continued)

31 December 2022	Financial assets at amortized cost	Financial assets/liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Carrying value	Fair value	Note
Financial assets						
Cash and cash equivalents	70.676.235	-	-	70.676.235	70.676.235	4
Financial asset at fair value through profit or loss	-	47.902.289	-	47.902.289	47.902.289	10
Accounts receivable	1.795.195	-	-	1.795.195	1.795.195	5
Financial liabilities						
Trade payables	-	-	120.939.912	120.939.912	120.939.912	8
Due to related parties	-	-	2.343.249	2.343.249	2.343.249	9

Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices,

- Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions, and

- Level 3: the fair value of the financial assets and financial liabilities where there is no observable market data. The fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available, estimate is made based on discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets/financial liabilities	Fair value as at (AED)		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2023	31 December 2022				
Currency protected deposit	9.840.839	47.902.289	Level 2	Forward exchange rates at the balancesheet date	-	-

NOTE 19 - SUBSEQUENT EVENTS

None.