**ARENA BİLGİSAYAR
SANAYİ VE TİCARET A.Ş.**

SPECIAL PURPOSE 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 Bilgisayar Sanayi ve Ticaret A.Ş.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arena Bilgisayar Sanayi ve Ticaret A.Ş. (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.

Emphasis of matter

Basis for accounting and restriction on distribution and use

We draw attention to Note 2 (a) to the special purpose financial statements, which describes the basis of accounting. The special purpose financial statements are prepared to assist Arena Bilgisayar Sanayi ve Ticaret A.Ş. to meet requirements of its shareholders. As a result, these special purpose financial statements may not be suitable for another purpose. Our report is intended solely for Arena Bilgisayar Sanayi ve Ticaret A.Ş. and its shareholders and should not be distributed to or used by parties other than these parties. Our opinion is not modified in respect to this matter.

Other matters

The Company has prepared a consolidated financial statement for the year ended 31 December 2023 in accordance with Turkish Financial Reporting Standards ("TFRS"), on which we issued a separate auditor's report to the Company dated 12 February 2024.

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.

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.

Key Audit Matters	**How the key audit matter was addressed in the audit**
Recoverability of trade receivables	
Trade receivables from third parties (USD 126,527 thousand as of 31 December 2023), constitutes a significant portion of the assets of the Company. Furthermore, the assessment of the recoverability of these assets involves significant level of management estimates. Such estimation includes considering the following for each customer – the amount of guarantees/collateral held, past collection performance, creditworthiness and aging of receivables. The outcome of such estimates is very sensitive to changes in market conditions. Therefore, recoverability of trade receivables is a key matter for our audit. Please refer to Notes 3, 5 and 24 to the financial statements for the Company's disclosures on trade receivables, including the related accounting policy.	We performed the following procedures in relation to the recoverability of trade receivables: • Understanding the business process for collections from customers, • Evaluating the processes for financial reporting on credit risks, • Inquiries with management in relation to any disputes with customers or distributors and written inquiries with the Company's legal counsels on outstanding litigation in relation to trade receivables, • Examining the expected credit loss calculation of the Company and evaluating reasonableness of the underlying assumptions through comparing them to the historical information and statistics, • Testing collections in the subsequent period from selected customers, • Testing, on a sample basis, guarantees and collaterals held and assessing the Company's ability to convert them to cash, • Assessing the adequacy of disclosures around recoverability of trade receivables in the financial statements.

Key Audit Matters	How the key audit matter was addressed in the audit
Rebates, sales discounts, stock and price protections and marketing funds	
In accordance with the contracts signed with its vendors, the Company has obtained rebates, sales discounts, stock and price protections and marketing funds ("allowances") amounting to USD41,878 thousand for the year ended 31 December 2023 from its vendors for the inventories purchased in the year. Amount of allowances are determined based on the targets and rates which are mutually agreed by the Company and its vendors. Recognition of the allowances in the proper period and the correct amount has a significant impact on the Company's financial results. Therefore, such allowances are key matters for our audit. Please refer to Notes 3.7 and 15 to the financial statements for the Company's disclosures on the allowances, including the related accounting policy.	Procedures performed to ensure the allowances are as follows: • Understanding and evaluating the reasonableness of policy for recognition of the allowances obtained during the year, • Understanding the business process for rebates, sales discounts, stock and price protections and marketing funds, evaluating the operational effectiveness of controls embedded in the business process and testing of selected key controls, • Testing vendor contracts or vendor invoices on a sample basis to verify the calculated and accrued allowances comply with terms that were previously agreed, • Testing a sample selected from accrued allowances before and after year-end to check whether they were accounted in the proper period or not.

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, 15 May 2024

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SPECIAL PURPOSE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of USD unless otherwise indicated.)

ASSETS

	Notes	31 December 2023	31 December 2022
Current assets			
Cash and cash equivalents	4	5.122	21.996
Financial asset at fair value through profit or loss	12	3.369	8.003
Trade receivables	5	168.334	160.260
-Due from related parties	6	42.158	27.262
-Due from third parties		126.176	132.998
Derivative financial instruments	14	965	37
Inventories	7	59.926	59.226
Other current assets	8	11.339	11.913
Total current assets		**249.055**	**261.435**
Non current assets			
Trade receivables	5	401	535
Property, plant and equipment	9	496	507
Right of use assets	9	3.028	2.342
Investment property	11	1.732	1.417
Intangible assets	10	1.138	295
Investment in subsidiaries	14	47.375	47.375
Deferred tax assets	13	179	597
Other non-current assets		120	121
Total non-current assets		**54.469**	**53.189**
Total assets		**303.524**	**314.624**

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

(Amounts expressed in thousands of USD unless otherwise indicated.)

LIABILITIES AND EQUITY

	Notes	31 December 2023	31 December 2022
Current liabilities			
Bank borrowings	14	108.895	102.523
Lease liabilities	14	609	218
Other financial liabilities	14	4.477	4.636
Trade payables	15	94.914	121.169
-Due to related parties	6	1.302	39.769
-Due to third parties		93.612	81.400
Current income tax liabilities	13	377	1.032
Other current liabilities	16	17.929	12.493
Total current liabilities		**227.201**	**242.071**
Non-current liabilities			
Bank borrowings	14	10.122	6.296
Provision for employment termination benefits	17	359	1.221
Deferred tax liabilities	13	695	349
Lease liabilities	14	1.509	857
Other non-current liabilities	16	258	409
Total non-current liabilities		**12.943**	**9.132**
Total liabilities		**240.144**	**251.203**
Equity			
Share capital	18	33.338	33.338
Share premium		55	55
Actuarial loss		(536)	(536)
Currency translation adjustment		(12.304)	(12.304)
Retained earnings		42.346	44.860
Profit / (loss) for the period		481	(1.992)
Total equity		**63.380**	**63.421**
Total liabilities and equity		**303.524**	**314.624**

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

SPECIAL PURPOSE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of USD unless otherwise indicated.)

	Notes	1 January - 31 December 2023	1 January - 31 December 2022
Net sales	19	773.265	635.562
Cost of sales	19	(739.801)	(610.524)
Gross profit		**33.464**	**25.038**
Operating expenses	20	(17.442)	(14.731)
Other operating income / (expenses), net	20	11.014	8.581
Financial income / (expenses), net	21	(25.664)	(22.878)
Other gains / (losses), net	23	1.212	3.798
Profit / (loss) before income taxes		**2.584**	**(192)**
Income tax expenses	13	(2.103)	(1.800)
Profit / (loss) for the period		**481**	**(1.992)**

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

ARENA BİLGİSAYAR SANAYİ VE TİCARET A.Ş.

SPECIAL PURPOSE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR BETWEEN 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of USD unless otherwise indicated.)

	Notes	Share capital	Share premium	Actuarial loss	Currency translation adjustment	Retained earnings and profit for the year	Total equity
Balance at 1 January 2022	18	33.338	55	(536)	-	46.425	79.282
Dividends paid		-	-	-	-	(1.565)	(1.565)
Profit / (loss) for the period		-	-	-	-	(1.992)	(1.992)
Capital increase		-	-	-	(12.304)	-	(12.304)
Balance at 31 December 2022	18	33.338	55	(536)	(12.304)	42.868	63.421
Balance at 1 January 2023	18	33.338	55	(536)	(12.304)	42.868	63.421
Dividends paid		-	-	-	-	(522)	(522)
Profit / (loss) for the period		-	-	-	-	481	481
Balance at 31 December 2023	18	33.338	55	(536)	(12.304)	42.827	63.380

(Amounts expressed in thousands of USD unless otherwise indicated.)

	Notes	1 January- 31 December 2023	1 January- 31 December 2022
Profit / (loss) before income taxes		2.584	(192)
Adjustments for:			
Interest income and expenses, credit card commissions and other financial expenses(net)	21	32.679	22.601
Depreciation and amortization expenses	9, 10	1.373	831
Provision / (reversals) for impairment on inventories	7	(489)	314
Provision / (reversals) for doubtful receivables	5	(142)	2.736
Fair value gains on financial investments	23	(1.212)	(3.798)
Charge for the employment termination benefits		(215)	746
Investment income recognized in profit or loss		(9.567)	(8.549)
Unrealized foreign exchange gain & losses		(10.384)	(20.555)
Changes in working capital			
Change in trade receivables	5	(6.862)	(32.164)
Change in inventories	7	(211)	(14.086)
Change in other current and non current assets		(355)	(7.663)
Change in trade payables	15	(26.255)	39.437
Change in other current and non current liabilities		5.631	3.343
Employee termination benefits paid		(647)	(47)
Income taxes paid		70	(600)
Other changes		10	65
Net cash (used in) / provided by operating activities		**(13.992)**	**(17.581)**
Cash flows from investing activities			
Purchase of property, equipment and intangible assets	9, 10	(1.291)	(324)
Payments for financial assets at fair value through profit or loss	23	5.846	(4.205)
Dividends from subsidiaries	20	9.567	8.549
Interest received	21	939	545
Net cash (used in) / provided investing activities		**15.061**	**4.565**
Cash flows from financing activities:			
Change in bank borrowings	14	11.810	37.006
Dividends paid		(522)	(1.565)
Interest expenses, credit card commissions and other financial expenses paid		(31.710)	(21.388)
Lease payments	14	(1.101)	(1.020)
Net cash (used in) / provided by financing activities		**(21.523)**	**13.033**
Net change in cash and cash equivalents		(20.454)	17
Cash and cash equivalents at the beginning of year	**4**	**21.996**	**12.872**
Currency translation adjustments (net)		**3.580**	**9.107**
Cash and cash equivalents at the end of year	**4**	**5.122**	**21.996**

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

NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES

Arena Bilgisayar Sanayi ve Ticaret A.Ş. (the "Company") was incorporated on 18 September 1991. The Company is engaged in the wholesale of personal computers, peripherals, consumer electronics and telecommunication devices. The Company purchases the merchandise from domestic and international suppliers and through its distribution network sells them to the customers in the domestic market and the Turkish Republic of Northern Cyprus. The Company's headquarter is located in Istanbul and has branches in Ankara. The Company is registered and operates in Turkey. The address of its registered office is as follows:

Merkez Mahallesi, Göktürk Caddesi No: 4
Eyüp 34077, Istanbul
Turkey

In November 2000, 15% of the Company's existing shares was offered to the public in an initial public offering on the Istanbul Stock Exchange. Public offerings continued afterwards and percentage of shares offered to public as of 31 December 2023 is 50,6%.

The number of employees of the Company at 31 December 2023 is 251 (31 December 2022: 251).

Subsidiaries

At its meeting on 9 March 2011, the Company's Board of Directors decided to establish a commercial company under the name "Arena International FZE" in the Jebel Ali Free Zone in the Dubai Emirate of the United Arab Emirates in order to engage in international trade of personal computers, peripherals, consumer electronics, software and telecommunication devices. The procedures to establish Arena International FZE, which is wholly owned by the Company, were completed on 23 May 2011, and the entire share capital of AED1.000.000 (UAE dirham) (USD 272) was paid by the Company.

On 16 January 2015, the Company established a subsidiary to operate in the payment intermediation services area "PayNet Ödeme Hizmetleri Anonim Şirketi" with an initial share capital of TRY2.000.000 (two millions of Turkish Lira) with TRY1.000,00 face value for each share. PayNet Ödeme Hizmetleri A.Ş. got the paying agency licence under the law number 6493 and with pursuant to Article 6973 of Banking Regulation and Supervision Agency ("BRSA") and published in the Official Gazette with number 29804 as of 17 August 2016.

Onlıne Elektronik Ticaret Hizmetleri A.Ş. established on 10 April 2017 with TRY5.000.000 share capital; to be operational at online electronics retail and marketplace businesses. With the aim of strategic restructuring of Onlıne, reducing operational costs and integrating the multi-sales structure and making it more effective, Onlıne continues its commercial presence and activities however retail sales to end users via the internet sales platform "Yukko.com" have been terminated as of January 2020. The share capital of Onlıne was increased by TRY12.500.000 and reached TRY17.500.000 by covering from the other capital reserves account in order to create the infrastructure for the potential structuring of the different business units within the Group. This process was completed on 9 December 2020 with the registration by the Trade Registry Office.

Arena Mobile İletişim Hizmetleri ve Tüketici Elektroniği Sanayi ve Ticaret A.Ş. established on 11 April 2017 with TRY250.000 share capital; to continue wholesale trade of mobile phones and other mobile devices. The share capital of Arena Mobile was increased TRY17.000.000 on 16 July 2020 and was increased TRY82.750.000 on 18 December 2020 and reached TRY100.000.000 by covering from the other capital reserves account. A very important part of the Group's mobile phone trade is carried out through Arena Mobile.

Paynet (Kıbrıs/Cyprus) Ödeme Hizmetleri Ltd. established on 7 April 2017 with TRY400.000 share capital; to be operational at payment facilitation services in North Cyprus Turkish Republic.

NOTE 1 - ORGANISATION AND PRINCIPAL ACTIVITIES

Subsidiaries (continued)

As a result of the Share Purchase Agreement signed between the Company and the Likewize Corporation (formerly Brightstar Corporation) 100% shares of Arena Connect Teknoloji Sanayi ve Ticaret Anonim Şirketi equity shares have been transferred to the Company as of 1 December 2021.

In the accompanying financial statements of the Company, these subsidiaries are not consolidated and are stated at cost as these special purpose separate financial statements are prepared for the parent company, Redington Gulf FZE.

NOTE 2 - BASIS OF PREPARATION OF SPECIAL PURPOSE FINANCIAL INFORMATION

a) Basis of Preparation

The Company maintains its books of account and prepares its statutory financial statements ("Statutory Financial Statements") in accordance with accounting principles promulgated by Turkish Commercial Code (the "TCC") and tax legislation. The accompanying special purpose financial statements expressed in USD are based on the statutory records, with adjustments and reclassifications, including remeasurement from TRY to USD for the purpose of fair presentation in accordance with International Financial Reporting Standards ("IFRS"). The subsidiaries of the Company are not consolidated and are stated at costs in the the accompanying financial statements. The special purpose separate financial statements are prepared for the parent company, Redington Gulf FZE. The financial statetements of Arena Bilgisayar has been issued on 16 February 2023.

The Company's functional currency is the USD, since 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 Exchange Rates".

The statutory financial statements have been translated into USD on the following basis: inventories, property and equipment, intangible assets and equity at historical rates of exchange; remaining assets and liabilities by the exchange rate prevailing at the reporting date.

The items in the income statement (other than cost of goods sold and depreciation, which have been translated at historical rates of exchange) have been translated by the exchange rates prevailing at the date of underlying transactions.

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.

b) Standards, amendments and interpretations applicable 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.

NOTE 2 - BASIS OF PREPARATION OF SEPARATE FINANCIAL STATEMENTS (continued)

b) Standards, amendments and interpretations applicable as at 31 December 2023 (continued):

- **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 amendments also introduce targeted disclosure requirements for affected companies.

c) 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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

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. Further details of derivative financial instruments are disclosed in Note 24.

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.

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. The impact of the Master Netting Agreements on the Company’s financial position is disclosed in Note 24. 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.

The Company trades all kinds of personal computers, by-products and peripherals, office and consumer products, corporate products, printers, software, consumer electronics and telecommunication products to customers operating in wholesale, printing solutions, retail, dealer and corporate sales channels through B2B sales method.

The sale of the products ends with the delivery of the order from the customers and the completion of the shipment to the requested point or delivery from the warehouse. After delivery of the products, the Company has no other obligation except for the exchange of incorrectly delivered and defective products. When the control of the products is transferred to the customer, the related revenue is recognized in the Company’s 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.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

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).

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the selling expenses to perform the sales. The cost of inventories is determined on the moving average basis for each purchase (Note 7).

Property, equipment and related depreciation

Property and equipment are carried at cost less accumulated depreciation (Note 9). Depreciation is provided on a straight-line basis. The depreciation periods for property and equipment, which approximate the useful lives of such assets, are as follows:

	Years
Leasehold improvements	4 - 10
Furniture and fixture	2 - 15
Motor vehicles	5

Intangible assets

Intangible assets include licences and computer software (Note 10). Acquired licences and computer software are capitalised on the basis of the costs incurred to acquire and bring to use. These costs are amortised over their estimated useful lives of 3 to 5 years.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Leases

The Company – as a lessee

At inception of a contract, the Company assesses whether a 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. To assess whether a contract conveys the right to control the use of an identified asset, The Company assess whether:

a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
c) The Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
d) The Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:
   i. The Company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
   ii. The Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset

The right of use asset is initially recognized at cost comprising of:

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

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Leases (continued)

The Company – as a lessee (continued)

Right of use asset *(continued)*

The Company measure the right of use asset:

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

The Company applies IAS 16 “Property, Plant and Equipment” to amortize the right of use asset and to asses for any impairment.

Lease Liability

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

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

a) Fixed payments, including in-substance fixed payments;

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date,
c) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewable period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

a) Increasing the carrying amount to reflect interest on lease liability
b) Reducing the carrying amount to reflect the lease payments made and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Extension and termination options

In determining the lease liability, the Company considers the extension and termination options. The majority of extension and termination options held are exercisable both by the Company and by the respective lessor. Extension options are included in the lease term if the lease is reasonably certain to be extended. The Company remeasures the lease term, if a significant event or a significant change in circumstances occurs which affects the initial assessment.

Variable lease payments

Company’s lease contracts do not include any variable lease payments.

Exemptions and simplifications

Short-term lease payments are not included in the measurement of the lease liabilities in the scope of IFRS 16. Lease payments of these contracts are continued to be recognised in profit or loss in the related period. The Company applied a single discount rate to a portfolio of leases which have similar characteristics (asset classes which have similar remaining rent periods in a similar economic environment).

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

Leases (continued)

The Company – as a lessor

All the leasings of the Company as lessor are operational leases. For operational leases, leased assets are classified under investment properties in the balance sheet and rental income is accounted in the profit or loss statement in equal amounts for the lease period.

Taxation

Turkish tax legislation does not permit a parent company and its subsidiary to file a tax return. Therefore, provisions for taxes, as reflected in the accompanying financial statements, have been calculated on a separate-entity basis.

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit 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.

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.

Earnings per share

Earnings per share disclosed in the statement of profit or loss and other compherensive income has been determined by dividing net profit for the year by weighted average number of shares outstanding.

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.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Accounting Policies (continued)

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

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.

In this scope, the Company has corrected the effects of the identified classification errors represented below in its financial statements as of 31 December 2022.

	Reported in prior period	Effect of reclassification	Revised in current period
Trade payables	127.599	(6.430)	121.169
Bank borrowings	100.729	1.794	102.523

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Critical judgments in applying the entity's accounting policies

Net realizable value and impairment

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. The Company Management has identified certain inventory items where the net realizable values were below the cost of the related inventory. The Company has allowance for inventories at different rates in certain age of Companys by taking into consideration of salable value of inventories on the market conditions. As of 31 December 2023, the provision amount is USD 736 (31 December 2022: USD 1.225) (Note 7).

Trade receivables and impairment

Provision for impairment of receivables is recognized if the Company will not be able to collect all amounts due. The amount of the provision is calculated by examination of the Company's overdue receivables and calculation of net risk considering the guarantees and collaterals obtained. As of 31 December 2023, the provision amount is USD 8.730 (31 December 2022: USD 9.827) (Note 5).

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Rebates

Stock and price protection

The Company has inventory and price protection discounts based on contracts from suppliers and amounting to USD 8.165 net of trade payables as of the reporting date and these discount amounts are determined by the suppliers and they are not invoiced as of the reporting date (31 December 2022: USD 17.074) (Note 15).

Sales premiums

The Company has a sales premium amounting to USD 6.978, which is related to the cost of goods sold and sold to customers under the premium agreements defined in the ERP system. The terms of the premium award are determined by the Company's sales department based on pre-determined goals with the customer, and the total goals are not completed by the reporting date (31 December 2022: USD 10.145).

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 4 - CASH AND CASH EQUIVALENTS

The analysis of cash and due from banks at 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Due from banks		
-Time deposits	2.476	-
-Demand deposits	1.481	19.644
Other cash and cash equivalents	1.165	2.352
	5.122	21.996

NOTE 5 - TRADE RECEIVABLES

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

	31 December 2023	31 December 2022
Short term trade receivables	131.892	130.975
-Due from related parties	42.158	27.262
-Due from third parties	89.734	103.713
Cheques and notes receivable	45.172	39.112
Less: provision for impairment of receivables (-)	(8.339)	(9.418)
Expected credit loss (-)	(391)	(409)
	168.334	160.260

	31 December 2023	31 December 2022
Long term trade receivables		
-Due from third parties	401	535
	401	535

Cheques receivables amounting to USD 26.654 were given to financial institutions as a guarantee for bank loans used (31 December 2022: USD 16.439).

As of 31 December 2023 USD 56.031, of trade receivables were transferred to factoring companies (31 December 2022: USD 50.117).

The movements in the provision for impairment of receivables for the years ended 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	9.827	7.285
Charge/(recoveries) for the period	(659)	2.609
Expected credit loss (-)	518	127
Collections	(10)	(65)
Foreign currency translation difference	(946)	(129)
Balance at 31 December	8.730	9.827

As at 31 December 2023, accounts receivables of USD 9.260 (31 December 2022: USD 8.304) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 5 - TRADE RECEIVABLES (continued)

The aging analysis of these accounts receivables is as follows:

	31 December 2023	31 December 2022
Up to 1 month	7.934	6.475
1 to 2 months	517	510
2 to 3 months	26	74
Over 3 months	783	1.245
	9.260	8.304
Total amount secured	3.960	2.132

The Company obtained the following collaterals for its account receivables at 31 December 2023 and 2022:

	31 December 2023	31 December 2022
Guarantee notes, cheques and letters of guarantee	7.059	9.648
Mortgages	1.715	1.313
Insurance coverage	106.577	86.258
	115.351	97.219

The Company signed an insurance agreement with Coface Insurance ("Coface") for coverage of the Company's receivables within Turkey. Summary of the policy is as follows:

- The policy is valid between 1 April 2023 and 1 April 2024.
- All receivables within the coverage of the policy are USD denominated.
- Coverage ratio for receivables which credit limit demanded is 90%.
- Total coverage as of 31 December 2023 is USD 106.577.
- As at 31 December 2023, 24.720 USD of the 168.334 USD short term receivable amount have been secured by insurance coverage (31 December 2022: 27.198 USD of the 160.260 USD short term receivable amount).

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific

to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provisions are made with the same method for all receivables of the Company.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 5 - TRADE RECEIVABLES (continued)

		Trade receivables - days past due				
31 December 2023	Not past due	<30	31-90	91-180	>180	Total
Default rate	0,40%	0,48%	0,75%	1,18%	2,00%	0,41%
Estimated total gross carrying amount at default	88.991	4.756	3	11	530	94.291
Lifetime ECL	356	24	-	-	11	391

		Trade receivables - days past due				
31 December 2022	Not past due	<30	31-90	91-180	>180	Total
Default rate	0,40%	0,48%	0,75%	1,18%	2,00%	0,42%
Estimated total gross carrying amount at default	91.660	4.795	548	326	503	97.832
Lifetime ECL	367	24	4	4	10	409

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES

i) Major transactions with related parties for the years ended 31 December 2023 and 2022 are as follows:

Due from related parties:

	31 December 2023	31 December 2022
Arena International FZE	8.790	23.636
Arena Connect Teknoloji Sanayi ve Ticaret A.Ş.	29.069	3.622
Onlıne Elektronik Ticaret Hizmetleri A.Ş.	-	4
Arena Mobile İletişim Hizmetleri ve Tüketici Elektroniği San. ve Tic. A.Ş.	4.299	-
	42.158	27.262

The trade receivables from related parties mainly related with advance payments.

Due to related parties:

	31 December 2023	31 December 2022
Arena International FZE	-	31.546
Onlıne Elektronik Ticaret Hizmetleri A.Ş.	1.281	2.085
Arena Connect Teknoloji Sanayi ve Ticaret A.Ş.	-	4.098
Paynet Ödeme Hizmetleri A.Ş.	21	47
Arena Mobile İletişim Hizmetleri ve Tüketici Elektroniği San. ve Tic. A.Ş.	-	1.993
	1.302	39.769

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 6 - TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Sales to related parties:

	1 January- 31 December 2023	1 January- 31 December 2022
Arena Mobile İletişim Hizmetleri ve Tüketici Elektroniği San. ve Tic. A.Ş.	53.358	14.358
Onlıne Elektronik Ticaret Hizmetleri A.Ş.	4	6
Arena International FZE	4.417	1.636
Paynet Ödeme Hizmetleri A.Ş.	173	65
Arena Connect Teknoloji Sanayi ve Ticaret A.Ş.	12.531	88
	70.483	16.153

Purchases from related parties:

	1 January- 31 December 2023	1 January- 31 December 2022
Arena International FZE	175.620	188.361
Arena Mobile İletişim Hizmetleri ve Tüketici Elektroniği San. ve Tic. A.Ş.	23.653	11.436
	199.273	199.797

The purchases from related parties are mainly due to recharge of operating costs initially made by other group companies or parent company.

Other expense derived from related parties:

	1 January- 31 December 2023	1 January- 31 December 2022
Paynet Ödeme Hizmetleri A.Ş.	394	288
	394	288

Other income consist of cost sharing invoices charged to related parties.

Other income derived from related parties:

	1 January- 31 December 2023	1 January- 31 December 2022
Arena Connect Teknoloji Sanayi ve Ticaret A.Ş.	883	386
	883	386

ii) Remuneration of directors and key management personnel for years ended 31 December 2023 amounted to USD 1.837 (31 December 2022: USD 1.317).

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 7 - INVENTORIES

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

	31 December 2023	31 December 2022
Trade goods	51.182	54.495
Goods in transit	9.480	5.956
Less: Allowance for inventories	(736)	(1.225)
	59.926	59.226

The movement of provisions for impairment of inventories at 31 December 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	(1.225)	(911)
Additional provisions	(159)	(517)
Provisions no longer required	648	203
Balance at 31 December	(736)	(1.225)

NOTE 8 - OTHER CURRENT AND NON-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	5.228	3.619
Prepaid expenses	5.021	1.354
Value added tax ("VAT") receivable	936	6.461
Other	154	479
	11.339	11.913

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

The movements in the property and equipment and related accumulated depreciation for the years ended 31 December 2023 and 2022 were as follows:

	1 January 2023	Additions	Disposals	31 December 2023
Cost:				
Furniture and fixtures	3.896	110	(26)	3.980
Motor vehicles	25	2	-	27
Leasehold improvements	5.808	128	-	5.936
Total	9.729	240	(26)	9.943
Accumulated depreciation				
Furniture and fixtures	(3.573)	(204)	26	(3.751)
Motor vehicles	(27)	-	-	(27)
Leasehold improvements	(5.622)	(47)	-	(5.669)
Total	(9.222)	(251)	26	(9.447)
Net book value at 31 December 2023	507			496

	1 January 2022	Additions	Disposals	31 December 2022
Cost:				
Furniture and fixtures	3.893	104	(101)	3.896
Motor vehicles	25	-	-	25
Leasehold improvements	5.771	37	-	5.808
Total	9.689	141	(101)	9.729
Accumulated depreciation				
Furniture and fixtures	(3.508)	(166)	101	(3.573)
Motor vehicles	(19)	(8)	-	(27)
Leasehold improvements	(5.561)	(61)	-	(5.622)
Total	(9.088)	(235)	101	(9.222)
Net book value at 31 December 2022	601			507

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 9 – PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (continued)

The movements in the right of use assets and related accumulated depreciation for the years ended 31 December 2023 and 2022 were as follows:

	1 January 2023	Additions	Disposals	Currency translations	31 December 2023
Cost:					
Buildings	4.180	69	(558)	-	3.691
Motor vehicles	1.697	857	(495)	-	2.059
Total	5.877	926	(1.053)	-	5.750
Accumulated depreciation					
Buildings	(2.088)	(496)	558	82	(1.944)
Motor vehicles	(1.447)	(419)	495	593	(778)
Total	(3.535)	(915)	1.053	675	(2.722)
Net book value at 31 December 2023	2.342				3.028

	1 January 2022	Additions	Disposals	Currency translations	31 December 2022
Cost:					
Buildings	3.902	300	(22)	-	4.180
Motor vehicles	1.737	118	(158)	-	1.697
Total	5.639	418	(180)	-	5.877
Accumulated depreciation					
Buildings	(1.358)	(232)	22	(520)	(2.088)
Motor vehicles	(918)	(198)	158	(489)	(1.447)
Total	(2.276)	(430)	180	(1.009)	(3.535)
Net book value at 31 December 2022	3.363				2.342

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 10 - INTANGIBLE ASSETS

The movements in intangible assets and related accumulated amortization for the years ended 31 December 2023 and 2022 are as follows:

	1 January 2023	Additions	31 December 2023
Cost:			
Licences and computer software	2.534	1.051	3.585
Other intangible assets	134	-	134
Total	2.668	1.051	3.719
Accumulated depreciation:			
Licences and computer software	(2.373)	(208)	(2.581)
Total	(2.373)	(208)	(2.581)
Net book value at 31 December 2023	295		1.138

	1 January 2022	Additions	31 December 2022
Cost:			
Licences and computer software	2.485	49	2.534
Construction in Progress	-	134	134
Total	2.485	183	2.668
Accumulated depreciation:			
Licences and computer software	(2.207)	(166)	(2.373)
Total	(2.207)	(166)	(2.373)
Net book value at 31 December 2022	278		295

USD 1.166 of depreciation and amortization expense for the current period (2022: USD 821) has been charged in "general administrative expenses", USD 207 of depreciation and amortization expense for the current period (2022: USD 10) has been charged in "marketing, selling and distribution expenses"

NOTE 11 - INVESTMENT PROPERTY

	31 December 2023	31 December 2022
Investment property	1.732	1.417

Investment property consists of a plaza that the Company generates rent income. The difference between two periods is due to the foreign currency translation difference and the increase in value.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 12 – FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023	31 December 2022
Currency protected deposit	3.369	8.003
	3.369	8.003

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 17,50%.

For the period ended 31 December 2023, the Company has recognised for the fair value difference of USD 1.212 for the currency protected deposit account in the statement of profit (Note 23).

NOTE 13 - TAXATION ON INCOME

Corporate Tax

The Company and its Turkish subsidiaries are subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Company’s results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying financial statements, have been calculated on a separate-entity basis.

The corporate tax rate for the corporate earnings for the 2023 taxation period has been determined as 25%. The law is applicable into force on 14 July, 2023, starting from the declarations that must be submitted as of 1 November,2023, and to be applicable for the corporate earnings for te taxation period starting from 1 January, 2024.

The tax rate is considered as 25% (2022: 23%).

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2023 is 25% (2022: 23%). Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January, 2022, It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the repeated Article 298 are met.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 - 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Ministers Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 13 - TAXATION ON INCOME (continued)

Current Income Taxes

	31 December 2023	31 December 2022
Corporation and income taxes	1.339	2.553
Less: prepaid taxes	(962)	(1.521)
Income tax payable, net	377	1.032

Reconciliation of tax expense for the years ended at 31 December 2023 and 2022 is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Profit / (loss) before tax	2.584	(192)
Tax at the enacted tax rate of 25% (2022: 23%)	(646)	44
Tax effect of non-deductable expenses	(1.671)	(973)
Revaluation effect of tangible and intangible assets	-	89
Tax effect of exemptions	273	286
Currency translation differences and other	(59)	(1.246)
Taxation on income	(2.103)	(1.800)

The taxation on income for the years ended 31 December 2023 and 2022 are as follow:

	1 January- 31 December 2023	1 January- 31 December 2022
Current tax expense	(1.339)	(2.553)
Deferred tax income / (expense)	(764)	753
Income tax expenses	(2.103)	(1.800)

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for IFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for IFRS and tax purposes and they are given below.

Tax rate used in the calculation of deferred tax assets and liabilities as of 31 December 2023 was 25% over temporary timing differences expected to be reversed in the following years.

In Turkey, the companies cannot declare a tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

The Official Gazette of Turkey published the General Communiqué on the Tax Procedure Law (Serial No: 555) on December 30, 2023, under issue number 32415 (2nd Extraordinary). This communiqué details the procedures and principles for adjusting financial statements for inflation for the fiscal year 2023 and subsequent periods.

In accordance with this law, deferred tax calculations for the 2023 Tax Procedure Law ("VUK") base have been computed based on figures adjusted for inflation accounting.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 13 - TAXATION ON INCOME (continued)

Deferred Tax (continued)

The breakdown of deferred tax assets / (liabilities) provided at 31 December 2023 and 2022 using the enacted tax rates are as follow:

	Deferred tax assets/liabilities	
	31 December 2023	31 December 2022
Inventories	(252)	(469)
Property,plan and equipment and intangible assets	(14)	(99)
Doubtful receivables	501	505
Allowance for inventories	184	282
Employee termination benefits and unpaid vacation allowance	154	375
Accrued expenses	244	19
Carry forward losses	-	-
Other	(1.333)	(365)
Deferred income tax assets / (liabilities)	(516)	248

Deferred tax assests/liabilities	31 December 2023	31 December 2022
Deferred tax assets	179	597
Deferred tax liabilities	(695)	(349)
	(516)	248

The movements in deferred tax assets and liabilities for the years ended 31 December 2023 and 2022 is as follows:

Deferred tax assests/liabilities	1 January- 31 December 2023	1 January- 31 December 2022
Balance at 1 January	248	(505)
Charged to income	(764)	753
Balance at 31 December	(516)	248

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 14 - FINANCIAL LIABILITIES AND FINANCIAL INVESTMENTS

i) Bank borrowings

The analysis of bank borrowings at 31 December 2023 and 2022 is as follows:

	31 December 2023	
Short term bank borrowings	Interest rate	USD equivalent
Borrowings in Turkish Lira	22,50-54,00%	18.526
Borrowings in USD	8,00-15,50%	89.871
Borrowings in EUR	8,00%	498
		108.895

	31 December 2023	
Long term bank borrowings	Interest rate	USD equivalent
Borrowings in Turkish Lira	1,75% + 41,45%	2.122
Borrowings in USD	4,75%	8.000
		10.122

	31 December 2022	
Short term bank borrowings	Interest rate	USD equivalent
Borrowings in Turkish Lira	13,00-33,00%	30.362
Borrowings in USD	8,00-14,00%	71.361
Borrowings in EUR	7,00%	800
		102.523

	31 December 2022	
Long term bank borrowings	Interest rate	USD equivalent
Borrowings in Turkish Lira	1,75% + 10,00%	6.296
		6.296

Total interest accrual related with the Company’s short-term bank borrowings as at 31 December 2023 is USD 4.674 (31 December 2022: USD 3.128).

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 14 - FINANCIAL LIABILITIES AND FINANCIAL INVESTMENTS (continued)

ii) Lease liabilities

The Company's lease liabilities as at 31 December 2023 and 2022 is as follows:

	31 December 2023	
	TRY	USD Amount
Short term lease liabilities	17.922	609
Long term lease liabilities	44.414	1.509
1-2 years	23.447	796
2-3 years	11.851	403
3-4 years	5.292	180
4-5 years	3.824	130
	62.336	2.118

	31 December 2022	
	TRY	USD Amount
Short term lease liabilities	4.199	218
Long term lease liabilities	16.010	857
1-2 years	3.497	187
2-3 years	2.529	135
3-4 years	3.708	198
4-5 years	3.021	163
More than 5 years	3.255	174
	20.209	1.075

iii) Reconcilation of obligations arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 14 - FINANCIAL LIABILITIES AND FINANCIAL INVESTMENTS (continued)

iii) Reconcilation of obligations arising from financing activities (continued)

			Non–cash changes		
	1 January 2022	Financing cash flows	Foreign exchange adjustments	Other changes	31 December 2022
Bank borrowings	108.819	12.037	(3.745)	1.906	119.017
Lease liabilities	1.075	(1.101)	(280)	2.424	2.118
Other financial liabilities	4.636	(227)	68	-	4.477
	114.530	10.709	(3.957)	4.330	125.612

			Non–cash changes		
	1 January 2022	Financing cash flows	Foreign exchange adjustments	Other changes	31 December 2022
Bank borrowings	72.417	32.400	2.246	1.756	108.819
Lease liabilities	1.964	(1.020)	270	(139)	1.075
Other financial liabilities	-	4.606	30	-	4.636
	74.381	35.986	2.546	1.617	114.530

iv) Derivative financial instruments

	31 December 2023		31 December 2022	
	Assets	Liabilities	Assets	Liabilities
Derivative financial instruments	965	-	37	-

Derivative financial liabilities consist of forward purchase contracts (Note 24).

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 14 - FINANCIAL LIABILITIES AND FINANCIAL INVESTMENTS (continued)

v) Investments in subsidiaries

As of 31 December 2023 and 2022 the Company's subsidiaries, their percentage shares and amounts of the ownership interest are as follows:

	Rate %	31 December 2023	Rate %	31 December 2022
Arena International FZE	100	272	100	272
Paynet Ödeme Hizmetleri A.Ş.	100	858	100	858
Arena Mobile İletişim Hizmetleri ve Tüketici Elektroniği San. ve Tic. A.Ş.	100	16.617	100	16.617
Onlıne Elektronik Ticaret Hizmetleri A.Ş.	100	3.493	100	3.493
Arena Connect Teknoloji Sanayi ve Ticaret A.Ş.	100	26.135	100	26.135
		47.375		47.375

vi) Other financial liabilities:

	31 Aralık 2023	31 Aralık 2022
Other financial liabilities	4.477	4.636

It consists of the credit card debt used by the Company in supplier payments (31 December 2022: USD 4.636).

NOTE 15 - TRADE PAYABLES

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

	31 December 2023	31 December 2022
Trade payables (*)	91.463	119.993
-Due to related parties	1.302	39.769
-Due to third parties	90.161	80.224
Notes payables	-	562
Other	3.451	614
	94.914	121.169

(*) As of 31 December 2023, sales premiums, rebates, stock and price protection and other similar income accruals to be obtained from suppliers amounted at USD 8.165 (31 December 2022: USD 17.074). These balances are offset with supplier current accounts and are deducted from the trade payables.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 15 - TRADE PAYABLES (continued)

The movement of income accruals before offsetting as of 31 December 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	17.074	9.318
Accruals in the period	41.878	57.173
Collections in the period	(50.787)	(49.417)
Balance at 31 December	8.165	17.074

NOTE 16 - OTHER CURRENT AND NON-CURRENT LIABILITIES

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

	31 December 2023	31 December 2022
Expense accruals	3.145	1.530
Advances received (*)	2.062	3.239
Taxes and funds payable	1.728	1.648
Social security premiums payable	263	223
Deferred revenue (**)	10.726	5.847
Other	5	6
	17.929	12.493

(*) The Company has advance collections from customers amounting to USD 2.062 as at 31 December 2023 (31 December 2022: USD 3.239).

(**) Deferred revenue at 31 December 2023 and 2022 represent goods invoiced to customers which were not dispatched as of the reporting date.

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

	31 December 2023	31 December 2022
Unpaid vacation allowance	258	409

NOTE 17 – PROVISION FOR EMPLOYEE TERMINATION BENEFITS

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed certain years 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 and reaches the retirement age (58 for women and 60 for men).

The amount payable consists of one month’s salary limited to a maximum of TL 23.489,83 (31 December 2022: TL 15.371,40) for each period of service at 31 December 2023.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. IAS 19 Employee Benefits stipulates the development of company’s liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

NOTE 17 – PROVISION FOR EMPLOYEE TERMINATION BENEFITS (continued)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation.

Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

Consequently, in the accompanying financial statements as at 31 December 2023, 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. The provisions at the respective reporting dates have been calculated with the assumption of 3.7% real discount rate (31 December 2022: 0,5%) calculated by using 22.53% annual inflation rate and 27.09% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 2% for employees with 0-18 years of service, and 0% for those with 18 or more years of service.

Employee termination benefit ceiling is revised semi-annually and the provision for employment termination benefits of the Company is calculated over TL 35.058,58 that is effective as of 1 January 2024 (1 January 2023: TL 19.982,83).

The movements in the provision for employee termination benefits for the period ended 31 December 2023 and 2022 are follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Balance at 1 January	1.221	522
Accruals in the year	(215)	746
Payments in the year	(647)	(47)
Balance at 31 December	359	1.221

NOTE 18 - SHARE CAPITAL

At 31 December 2023 and 2022, the Company's share capital and shareholding structure in terms of Turkish Lira and USD equivalent which is not presented in thousands are as follows:

	31 December 2023		31 December 2022	
	Share %	TRY Equivalent	Share %	TRY Equivalent
Redington Turkey Holdings S.A.R.L.	49,40	49.400.000	49,40	49.400.000
Public quotation	50,60	50.600.000	50,60	50.600.000
Total	100,00	100.000.000	100,00	100.000.000

As net distributable income derived according to Capital Market's Boards of Turkey ("CMB") regulations is less than that is calculated according to legal books, the basis for profit distribution shall be determined according to net income calculated according to CMB regulations.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 19 - 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
Domestic and foreign sales	803.100	680.923
Other sales	9.069	2.165
Sales discounts and returns	(38.904)	(47.526)
Net sales	773.265	635.562
Cost of sales	(739.801)	(610.524)
Gross profit	33.464	25.038

Disaggregation of net sales	1 January- 31 December 2023	1 January- 31 December 2022
Corporate channel	298.975	288.991
Wholesale channel	159.056	149.647
Retail channel	146.484	111.164
Traditional channel	47.771	38.259
Printing solutions channel	19.829	25.077
Mobile channel	92.312	17.010
Other (*)	8.838	5.414
	773.265	635.562

(*) Mainly consists of proceeds related to other sales channels.

NOTE 20 - OPERATING EXPENSES AND OTHER OPERATING INCOME

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	8.890	7.648
Distribution expenses	1.821	1.191
Depreciation and amortisation expenses	1.373	831
Insurance expenses	747	517
Consultancy expenses	737	1.475
Repair and maintenance expenses	507	356
Representation expenses	267	294
Travel expenses	198	202
Advertising expenses	167	74
Utilities	128	94
Car oil expenses	112	110
Communication expenses	14	18
Other expenses	2.481	1.921
	17.442	14.731

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 20 - OPERATING EXPENSES AND OTHER OPERATING INCOME (continued)

	1 January- 31 December 2023	1 January- 31 December 2022
General administrative expenses	7.622	7.423
Marketing, selling and distribution expenses	9.820	7.308
	17.442	14.731

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

	1 January- 31 December 2023	1 January- 31 December 2022
Dividend income from subsidiaries	9.567	8.549
Other	1.447	32
	11.014	8.581

NOTE 21 - 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
Commission on credit card sales	(3.265)	(1.962)
Interest expenses	(23.151)	(17.524)
Rediscount expenses	3	3
Foreign exchange losses/(gains)	3.745	(2.246)
Other	(3.935)	(1.694)
	(26.603)	(23.423)
Interest income	939	545
Financial expenses,net	(25.664)	(22.878)

NOTE 22 - COMMITMENTS AND CONTINGENT LIABILITIES

The commitments and contingencies, at 31 December 2023 and 2022, from which the management does not anticipate any significant losses or liabilities are summarized below:

	31 December 2023	31 December 2022
Letter of guarantees given	36.570	50.165

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 23 - OTHER GAINS / (LOSSES), NET

	1 January- 31 December 2023	1 January- 31 December 2022
Fair value gain on financial investments	1.212	3.798
	1.212	3.798

NOTE 24 - FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, 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 at 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 exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities.

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. The Company secures a portion of its receivables through the use of factoring arrangements. The Company also obtains guarantees from its customers (Note 5) as another mean of securing its receivables.

The Company's risk management committee reviews and tracks the concentration of the credit risk by monitoring existing customers' credit risk ratios in every three months and monthly monitoring the aging analysis of trade receivables. Customers are grouped according to credit risk levels during monitoring of the credir risk. Future credit sales to the customers rated "high risk" are made with the limits of the Risk Committee's decision.

The Risk Committee monitors the concentration risk of receivables according to sales channels and customers.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 24 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

ii) Credit risk (continued)

	Receivables				
	Trade receivables				
31 December 2023	**Related party**	**Other party**	**Bank deposits**	**Derivative financial instruments**	**Other (*)**
The maximum amount of exposure to credit risk at the end of the reporting period	42.158	117.847	5.122	965	3.369
-Total receivable that have been secured with collaterals, other credit enhancements etc	-	3.960	-	-	-
Financial assets that are neither past due nor impaired	42.158	108.587	5.122	965	3.369
The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	9.260	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc	-	3.960	-	-	-
The amount of financial assets that are impaired	-	-	-	-	-
-Past due (Gross book value)	-	8.730	-	-	-
-The amount of impairment	-	(8.730)	-	-	-
-The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-

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

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 24 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

ii) Credit risk (continued)

	Receivables				
	Trade receivables				
31 December 2022	**Related party**	**Other party**	**Bank deposits**	**Derivative financial instruments**	**Other (*)**
The maximum amount of exposure to credit risk at the end of the reporting period	27.262	123.706	21.996	37	8.003
-Total receivable that have been secured with collaterals, other credit enhancements etc	-	2.132	-	-	-
Financial assets that are neither past due nor impaired	27.262	115.402	21.996	37	8.003
The amount of financial assets that are past due as at the end of the reporting period but not impaired	-	8.304	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc	-	2.132	-	-	-
The amount of financial assets that are impaired	-	-	-	-	-
-Past due (Gross book value)	-	9.827	-	-	-
-The amount of impairment	-	(9.827)	-	-	-
-The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-

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

Overview of the Company's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

In order to minimise credit risk, the Company has tasked its credit management committee to develop and maintain the Company's credit risk gradings to categorise exposures according to their degree of risk of default.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 24 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

ii) Credit risk (continued)

The Company's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognizing expected credit losses**
Secured Receivables	Receivables are secured via different sort of collaterals (letter of guarantee, mortgages, etc)	There is no expected credit loss.
Collectible and not overdue	Receivables has a low risk of delinquency and does not have any overdue amounts	Even if the receivable is not overdue, an expected credit loss of 0,33% is provisioned.
Collectible and overdue	Receivables has a low risk of delinquency and has overdue amounts.	Even if the receivable is overdue, there is no clear indication that the receivable cannot be collected; however, an expected credit loss of 0.48% - 2.00% is provisioned considering the delay in payment.
Doubtful Receivable and overdue more than 60 days	Receivables are more than 60 days overdue or a significant increase in credit risk has occurred since the initial date of receivable recognition.	50% of the receivable is provisioned over the unsecured portion of the total amount.
Doubtful Receivable and overdue more than 90 days	Receivables are more than 90 days overdue and there is substantial evidence that the asset is impaired.	100% of the receivable is provisioned over the unsecured portion of the total amount.

iii) Foreign currency risk

As disclosed in Note 2, the Company's functional currency is the USD, based on the fact that a significant portion of its sales and purchases are denominated and settled in that currency. As a result of USD 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 USD, the Company monitors its foreign exchange risk by analyzing the Turkish Lira denominated assets and liabilities. The Company defines the foreign currency risk as the mismatch between Turkish Lira denominated assets and liabilities. The Company uses 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.

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.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 24 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

iii) Foreign currency risk (continued)

USD equivalent of assets and liabilities denominated in foreign currency held by the Company at 31 December 2023 and 2022 is as follows:

Foreign currency position:	31 December 2023	31 December 2022
Assets	57.542	73.817
Liabilities	(72.479)	(92.133)
Derivative transactions - forward contracts	(10.099)	(1.701)
Net foreign currency position	(25.036)	(20.017)

As the functional currency of the Company is USD, the Company defines the foreign currency risk as the mismatch between TRY denominated assets and liabilities and monitors its exposure accordingly. USD equivalent of assets and liabilities denominated in TRY held by the Company at 31 December 2023 and 2022 is as follows:

Turkish Lira position	31 December 2023	31 December 2022
Assets	53.003	62.934
Liabilities	(63.972)	(80.024)
Derivative transactions - forward contracts	(10.099)	(1.701)
Net Turkish Lira position	(21.068)	(18.791)

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 24 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

iii) Foreign currency risk (continued)

	31 December 2023		
	USD Equivalent	TRY	EUR
1. Trade receivables	41.040	1.076.474	4.042
2a. Monetary financial assets	4.228	123.397	33
2b. Non monetary financial assets	-	-	-
3. Other	12.274	360.434	27
4. CURRENT ASSETS	57.542	1.560.305	4.102
5. Trade receivables	-	-	-
6a. Monetary financial assets	-	-	-
6b. Non monetary financial assets	-	-	-
7. Other	-	-	-
8. NON CURRENT ASSETS	-	-	-
9. TOTAL ASSETS	**57.542**	**1.560.305**	**4.102**
10. Trade payables	36.428	839.018	7.164
11. Financial liabilities	10.034	280.693	450
12. Other liabilities	23.895	701.038	73
13. CURRENT LIABILITIES	70.357	1.820.749	7.687
14. Trade payables	-	-	-
15. Financial liabilities	2.122	62.472	-
16a. Other monetary liabilities	-	-	-
16b. Other non monetary liabilities	-	-	-
17. NON CURRENT LIABILITIES	2.122	62.472	-
18. TOTAL LIABILITIES	**72.479**	**1.883.221**	**7.687**
19.Net asset/liability position of off-balance sheet items (19a-19b)	(10.099)	(297.283)	-
19a. Total asset amount of hedging items	-	-	-
19b. Total liability amount of hedging items	10.099	297.283	-
20. Net foreign currency position	(25.036)	(620.199)	(3.585)
21. Monetary items net foreign currency position	(27.211)	(683.350)	(3.612)
22. Fair value of the financial instruments used in foreign currency hedging	965	28.397	-
23. Hedged foreign currency assets	-	-	-
24. Hedged foreign currency liabilities	-	-	-

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 24 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

iii) Foreign currency risk (continued)

	31 December 2022		
	USD Equivalent	TRY	EUR
1. Trade receivables	24.581	264.527	5.050
2a. Monetary financial assets	15.408	280.837	188
2b. Non monetary financial assets	-	-	-
3. Other	33.828	631.403	29
4. CURRENT ASSETS	73.817	1.176.767	5.267
5. Trade receivables	-	-	-
6a. Monetary financial assets	-	-	-
6b. Non monetary financial assets	-	-	-
7. Other	-	-	-
8. NON CURRENT ASSETS	-	-	-
9. TOTAL ASSETS	**73.817**	**1.176.767**	**5.267**
10. Trade payables	45.271	658.652	4.862
11. Financial liabilities	31.139	553.252	750
12. Other liabilities	9.427	166.690	248
13. CURRENT LIABILITIES	85.837	1.378.594	5.860
14. Trade payables	-	-	-
15. Financial liabilities	6.296	117.723	-
16a. Other monetary liabilities	-	-	-
16b. Other non monetary liabilities	-	-	-
17. NON CURRENT LIABILITIES	6.296	117.723	-
18. TOTAL LIABILITIES	**92.133**	**1.496.317**	**5.860**
19.Net asset/liability position of off-balance sheet items (19a-19b)	(1.701)	(31.815)	-
19a. Total asset amount of hedging items	-	-	-
19b. Total liability amount of hedging items	1.701	31.815	-
20. Net foreign currency position	(20.017)	(351.365)	(593)
21. Monetary items net foreign currency position	(52.144)	(950.953)	(622)
22. Fair value of the financial instruments used in foreign currency hedging	37	700	-
23. Hedged foreign currency assets	-	-	-
24. Hedged foreign currency liabilities	-	-	-

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 24 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

iii) Foreign currency risk (continued)

Foreign currency sensitivity analysis as of 31 December 2023 and 2022 are as follows:

	31 December 2023	
	Profit/ (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation of TRY against USD		
1 - TRY net asset / liability	(1.097)	1.097
2- Amount hedged for TRY risk	(1.010)	1.010
3- TRY net effect (1 +2)	(2.107)	2.107
In case 10% appreciation of EUR against USD		
4 - EUR net asset / liability	(397)	397
5 - Amount hedged for EUR risk	-	-
6- EUR net effect (4+5)	(397)	397
TOTAL (3 + 6)	(2.504)	2.504

	31 December 2022	
	Profit/ (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In case 10% appreciation of TRY against USD		
1 - TRY net asset / liability	(1.709)	1.709
2- Amount hedged for TRY risk	(170)	170
3- TRY net effect (1 +2)	(1.879)	1.879
In case 10% appreciation of EUR against USD		
4 - EUR net asset / liability	(63)	63
5 - Amount hedged for EUR risk	-	-
6- EUR net effect (4+5)	(63)	63
TOTAL (3 + 6)	(1.942)	1.942

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 24 - 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 2022	Carrying value	Cash outflows according to agreements (I+ II+ III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non derivative financial liabilities					
Financial liabilities	119.017	116.811	72.140	34.549	10.122
Lease liabilities	2.118	2.783	293	571	1.919
Other financial liabilities	4.477	4.477	4.477	-	-
Trade payables	94.914	94.914	94.914	-	-
	220.526	218.985	171.824	35.120	12.041

31 December 2022	Carrying value	Cash outflows according to agreements (I+ II+ III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non derivative financial liabilities					
Financial liabilities	108.819	102.257	58.038	37.923	6.296
Lease liabilities	1.075	1.852	74	194	1.583
Other financial liabilities	4.636	4.636	4.636	-	-
Trade payables	121.169	121.169	121.169	-	-
	235.699	229.914	183.917	38.117	7.879

31 December 2023	Carrying value	Cash outflows according to agreements (I+ II)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Derivative financial instruments					
Cash inflows	965	9.900	9.900	-	-
Cash outflows	-	(10.099)	(10.099)	-	-
Total derivative financial assets	965	(199)	(199)	-	-

31 December 2022	Carrying value	Cash outflows according to agreements (I+ II)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Derivative financial instruments					
Cash inflows	37	1.556	1.556	-	-
Cash outflows	-	(1.701)	(1.701)	-	-
Total derivative financial assets	37	(145)	(145)	-	-

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 24 - FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

iv) ***Liquidity risk (continued)***

As of 31 December 2023 and 2022 the details of the forward agreements are provided in the table below:

31 December 2023

Forward agreements	Average agreement exchange rate	Sales with foreign currency	Purchases with original currency	Original currency (USD equivalent)	Agreement value (USD equivalent)	Fair value (USD equivalent)
Less than 3 months						
USD purchase/ TL sales	30,0286	297.283	9.900	9.900	8.935	965
				9.900	8.935	965

31 December 2022

Forward agreements	Average agreement exchange rate	Sales with foreign currency	Purchases with original currency	Original currency (USD equivalent)	Agreement value (USD equivalent)	Fair value (USD equivalent)
Less than 3 months						
USD purchase/ TL sales	20,5923	16.597	806	806	771	35
3-12 months						
USD purchase/ TL sales	20,2900	15.218	750	750	748	2
				1.556	1.519	37

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 24 - FINANCIAL RISK MANAGEMENT (continued)

Capital risk management

The Company's objectives when managing capital are to safeguard 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.

In order to maintain or adjust the capital structure, the Company may pay out dividends, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the net financial debt over total equity ratio. This ratio is calculated as net financial debt divided by total capital. Total capital is calculated as equity, as shown in the financial statements, plus net debt. The net financial debt over total equity ratios at 31 December 2023 and 2022 were as follows:

	31 December 2023	31 December 2021
Total financial debt	111.013	103.598
Less: cash and cash equivalents	(5.122)	(21.996)
Net debt	105.891	81.602
Total equity	63.380	63.421
Net debt/total equity	167%	129%

NOTE 25 – 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	5.122	-	-	5.122	5.122	4
Financial asset at fair value through profit or loss	-	3.369	-	3.369	3.369	12
Accounts receivable	168.735	-	-	168.735	168.735	5
Derivative financial instruments	-	965	-	965	965	14
Financial liabilities						
Bank borrowings	-	-	119.017	119.017	119.123	14
Trade payables	-	-	94.914	94.914	94.914	15
Lease liabilities	-	-	2.118	2.118	2.118	14
Other financial liabilities	-	-	4.477	4.477	4.477	14

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 25 – FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments and fair values (continued)

31 December 2022	Loans and receivables	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	21.996	-	-	21.996	21.996	4
Financial asset at fair value through profit or loss	-	8.003	-	8.003	8.003	12
Accounts receivable	160.795	-	-	160.795	160.795	5
Derivative financial instruments	-	37	-	37	37	14
Financial liabilities						
Bank borrowings	-	-	108.819	108.819	108.925	14
Trade payables	-	-	121.169	121.169	121.169	15
Lease liabilities	-	-	1.075	1.075	1.075	14
Other financial liabilities	-	-	4.636	4.636	4.636	14

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.

(Amounts expressed in thousands of USD unless otherwise indicated.)

NOTE 25 – FINANCIAL INSTRUMENTS (continued)

Financial assets/financial liabilities	Fair value as at(USD)		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				
Original currency forward contracts	965	37	Level 2	Observable market price	-	-
Currency protected deposit	3.369	8.003	Level 2	Forward exchange rates at the balancesheet date	-	-

NOTE 26 - SUBSEQUENT EVENTS

None.