ARENA CONNECT TEKNOLOJİ VE SANAYİ TİCARET A.Ş

FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Arena Connect Teknoloji ve San. Tic. A.Ş.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arena Connect Teknoloji ve San. Tic. 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.

Independence

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Mert Tüten, SMMM
Independent Auditor

Istanbul, 6 June 2024

CONTENTS	**PAGE**

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

Assets	Notes	31 December 2023	31 December 2022
Current assets		**3,278,128,329**	**2,804,471,445**
Cash and cash equivalents	3	4,342,143	424,587,654
Trade receivables			
- Due from related parties	*5*	-	*14,685,327*
- Due from other parties	*4*	*2,145,272,979*	*1,896,218,209*
Other receivables			
- Due from other parties	4	-	*26,575,972*
Inventories	6	1,109,836,238	437,546,863
Prepaid expenses		17,598,254	4,602,147
Other current assets		1,078,715	255,273
Non - current assets		**50,574,960**	**81,406,093**
Property and equipment	7	2,396,091	3,802,561
Right of use assets	9	2,968,780	15,332,682
Intangible assets	8	2,749,211	2,250,121
Deferred tax assets	17	42,460,878	60,020,729
Total assets		**3,328,703,289**	**2,885,877,538**

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

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

Liabilities and Equity	**Notes**	**31 December 2023**	**31 December 2022**
Total current liabilities		**3,027,978,216**	**2,430,855,947**
Short-term borrowings	10	104,137,506	294,218,179
Lease liabilities	10	1,655,099	5,879,146
Trade payables			
- *Due to other parties*	*4*	*1,602,743,130*	*1,901,353,197*
Other payables			
- *Due to related parties*	*5*	*892,620,784*	*122,894,845*
Payables to employees		2,660,585	7,744,157
Income tax payables	17	4,145,350	26,199,677
Provisions			
- *Provisions for employee benefits*	*11*	*2,721,419*	*3,768,146*
- *Other provisions*	*12*	*7,862,999*	*12,470,571*
Other financial liabilities	10	352,405,263	-
Other current liabilities		57,026,081	56,328,029
Total non - current liabilities		**3,490,064**	**10,150,501**
Lease liabilities	10	152,953	1,425,218
Provisions			
- *Provisions for employee benefits*	*11*	*3,337,111*	*8,725,283*
Equity		**297,235,010**	**444,871,090**
Equity			
Share capital	13	359,883,741	359,883,741
Actuarial gain fund		1,187,754	1,187,754
Retained earnings		(63,836,485)	83,799,595
Total equity		**3,328,703,290**	**2,885,877,538**

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

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	1 January - 31 December 2023	1 January - 31 December 2022
Profit or loss statement:			
Revenue	14	12,186,306,979	12,075,725,224
Cost of sales (-)	14	(11,745,935,991)	(11,429,980,794)
Gross profit		**440,370,988**	**645,744,430**
General administrative expenses (-)	15	(61,710,793)	(81,102,332)
Selling and marketing expenses (-)	15	(122,419,756)	(73,487,428)
Other operating income/(expense), net		(2,620,656)	19,402,784
Operating profit		**253,619,783**	**510,557,454**
Operating profit before financial expense		**253,619,783**	**510,557,454**
Finance income	16	24,322,672	15,183,900
Finance expense (-)	16	(569,381,903)	(350,106,796)
Monetary gain/(loss)		179,990,132	(188,807,122)
Loss before tax		**(111,449,316)**	**(13,172,564)**
Tax losses from continued operations		**(36,186,764)**	**(62,388,650)**
- Income tax expenses	17	(18,626,914)	(73,903,740)
- Deferred tax income/(expenses)	17	(17,559,850)	11,515,090
Loss for the period from continued operations		**(147,636,080)**	**(75,561,214)**
Other comprehensive income/(loss)		**-**	**-**
Total comprehensive loss		**(147,636,080)**	**(75,561,214)**

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

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

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Share capital	Actuarial loss fund	Retained earnings / losses	Total equity
Balances at 1 January 2022	**359,883,741**	**1,187,754**	**159,360,809**	**520,432,304**
Total comprehensive income/(loss)	-	-	**(75,561,214)**	(75,561,214)
Balances at 31 December 2022	**359,883,741**	**1,187,754**	**83,799,595**	**444,871,090**
Balances at 1 January 2023	**359,883,741**	**1,187,754**	**83,799,595**	**444,871,090**
Total comprehensive income/(loss)	-	-	(147,636,080)	(147,636,080)
Balances at 31 December 2023	**359,883,741**	**1,187,754**	**(63,836,485)**	**297,235,010**

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

NOTES TO THE CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	1 January - 31 December 2023	1 January - 31 December 2022
A. Cash flows from operating activities			
Net profit(loss) for the year		**(147,636,080)**	**(75,561,214)**
Adjustment to reconcile net loss to net cash provided from operating activities:			
Depreciation and amortization expenses	7, 8, 9	18,500,082	19,895,428
Adjustments for impairment loss of inventory	6	5,886,736	14,437,059
Adjustments for provisions		2,215,701	12,451,365
- Provision for employee termination benefits	*11*	*1,142,016*	*2,871,908*
- Provision for sales returns		*2,047,514*	*3,087,933*
- Other provisions		-	*2,623,811*
- Provisions for doubtful receivables	*4*	*72,898*	*99,567*
- Provisions for bonus		*(1,046,727)*	*3,768,146*
Adjustments for interest income (-)	16	(24,322,672)	(15,183,900)
Adjustments for interest expense	16	58,405,191	240,149,454
Adjustments for foreign exchange income/expense		1,904,540	1,671,601
Tax expenses	17	36,186,764	62,388,650
Monetary gain/(loss)		(228,163,837)	(440,560,730)
Changes in net working capital:			
Changes in inventories		(678,176,111)	95,849,259
Changes in trade receivables		(233,604,517)	192,331,659
Changes related to payables to employees		(5,083,572)	(8,227,285)
Changes related to other receivables		12,756,423	40,743,042
Change in trade payables		(298,610,067)	552,214,413
Change in other payables		770,423,991	(198,842,728)
Total provisions		**(561,681,348)**	**569,317,287**
Cash flows from operating activities		**(709,317,428)**	**493,756,073**
Taxes paid	17	(40,681,241)	(14,924,731)
Other cash outflows		(5,655,701)	(7,874,989)
- Employee termination benefits paid	*11*	*(3,976,164)*	*(1,979,069)*
- Other provisions paid	*12*	*(1,679,537)*	*(2,464,009)*
- Bonuses paid		-	*(3,431,910)*
		(646,619,704)	**(715,590,536)**
B. Cash flows used in investing activities			
Sales of tangible assets	7	-	950,279
Purchase of tangible assets	7	(233,024)	(4,117,027)
Purchase of intangible assets	8	(3,755,934)	(1,399,784)
		(3,988,958)	**(4,566,532)**
C. Cash flows generated from financing activities:			
Interest paid		(59,174,758)	(263,504,024)
Interest received	16	24,322,672	15,183,900
Proceeds from loans		2,143,129,457	577,572,776
Cash outflows from borrowings		(1,781,689,867)	(652,390,935)
Cash outflows from rent payments related to lease liabilities		(14,213,908)	(12,459,097)
		312,373,596	**(335,597,380)**
Change in cash and cash equivalents (A+B+C)		**(447,269,732)**	**130,792,442**
D. Cash and cash equivalents at beginning of year	**3**	**424,587,654**	**49,161,030**
E. Inflation effect on Cash and cash equivalents		**27,024,221**	**244,634,182**
Cash and cash equivalents at end of year (A+B+C+D+E)	**3**	**4,342,143**	**424,587,654**

NOTE 1 - GENERAL INFORMATION

Arena Connect Teknoloji ve San. Tic. A.Ş. ("Company" or "Arena Connect") was established in 2009. The Company is selling and marketing the hardwares which is related to providing a telecommunication services. The Company was also established a new company, named Arena Connect İletişim Servis Ltd Şti. ("oldly named MPX İletişim ve Servis Limited Şirketi") in 2010 in order to distributing a hardwares to chain stores.

On 1 December 2021, the previous shareholders of the Company, Brightstar Corporate and Brighstar Venture LCC sold its shares of 99% and 1%, respectively to Arena Bilgisayar Sanayi ve Ticaret A.Ş.. Hence, the Company is controlled ultimately by Redington (India) Limited. The owner of Redington (India) Limited is Ramesh Natarajan.

The Company merged with Arena Connect İletişim, which was established in 2010 under the trade name of Arena Connect İletişim Servis Ltd Şti. (formerly named as 'MPX İletişim ve Servis Limited Şirketi') in order to distribute to the chain store channel and in which the Company has 100% shareholding, on 29 December 2023 in order to simplify the subsidiary structure and reduce operational costs and continued its activities as Arena Connect Teknoloji Sanayi ve Ticaret A.Ş.

The Company is registered in Turkey and contact information is provided below:

Merkez Mahallesi, Göktürk Caddesi
No.4 Eyüp 34077, İstanbul
Turkey

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The accompanying financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost convention.

The Company maintains its books of account and prepares its statutory financial statements in Turkish lira ("TRY") based on the Turkish Commercial Code (the "TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. With necessary adjustment and reclassifications, financial statements in accordance with IFRS are prepared.

Since the beginning of 2022, inflation in Turkey has increased significantly. With the cumulative effect of increase in inflation in recent three years, it has become necessary for entities operating in Turkey to apply International Accounting Standards ("IAS") 29 - Financial Reporting in Hyperinflationary Economies starting from 30 June 2023.

Adjustments have been made in accordance with the terms of IAS 29 "Financial Reporting in Hyperinflationary Economies" regarding the changes in the general purchasing power of the Turkish Lira as of 31 December 2023. The terms of IAS 29 require that financial statements prepared in the currency in the economy with hyperinflation should be expressed the terms of the measurement unit valid at the balance sheet date and the amounts in previous periods should be arranged in the same way. One of the requirements for the application of IAS 29 is a three – year compound inflation rate approaching or exceeding 100%. coefficient obtained from consumer price index in Turkey published by TUIK.

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

The indices and coefficients used to prepare the financial statements are as follows:

Date rates	1 January 2023	Adjustment Coefficient	Three - years compound inflation
31 December 2023	1,859,38	1,000	268%
31 December 2022	1,128,45	1,648	156%
31 December 2021	686,95	2,707	74%

The following is a summary of the main items for the above-mentioned adjustments:

- Monetary assets and liabilities are not adjusted as they are presented in the current purchasing power as of the balance sheet date.
- Non-monetary assets and liabilities are restated in terms of the current measuring unit at the balance sheet date, using the increase in the general price index from the transaction date when they arose to the balance sheet date.
- The prior year comparatives are restated in terms of the current measuring unit at the end of the latest balance sheet date. The current year conversion factor is applied to the prior year financial statements.
- All items in the statement of profit or loss and other comprehensive income are expressed in terms of the current measuring unit at the balance sheet date. All amounts restated by applying the change in the general price index from the dates when the items of income and expenses originated and restated on a monthly basis.
- Inflation indexing for deposits subject to contractual price changes has been offset by net monetary gains / (losses).

2.2 The new standards, amendments and interpretations

a) Standards, amendments, and interpretations applicable as of 31 December 2023:

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

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 The new standards, amendments and interpretations (Continued)

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

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which a Company must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information a Company 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 a Company 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. A Company 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 a Company'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 Company will apply these amendments starting from their effective dates by assessing their effects on its operations.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies

The significant relevant accounting policies followed in the preparation of these financial statements are summarized below:

Functional and reporting currency

The financial statements of the Company is presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company is expressed in TRY, which is the functional currency of the Company, and the reporting currency for the financial statements.

Revenue

In accordance with IFRS 15, "Revenue from Contracts with Customers", the Company recognizes revenue in its financial statements, applying the five phase model below:

- Identification of the contract(s) with a customer,
- Identification of the separate performance obligations in the contract,
- Determining the transaction price,
- Allocation of the transaction price to the separate performance obligations,
- Recognition of revenue as each performance obligation is satisfied.

The Company evaluates the goods or services it undertakes in each contract with the customers and determines each separate contractual commitment to transfer such goods or services to a separate performance obligation.

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognizing revenue.

The Company considers indicators of the transfer of control, which include, the following whether;

a) The Company has a present right to payment for the asset,
b) The customer has legal title to the asset,
c) The Company has transferred physical possession of the asset,
d) The customer has the significant risks and rewards of ownership of the asset,
e) The customer has accepted the asset.

The Company does not adjust the effect of an important financing component when it foresees that the time period is one year or less between the transfer of goods or services committed at the beginning of the contract and payment for such goods and services with the practical expedient provided under IFRS 15. On the other hand, when the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized as interest income on a time proportion basis that takes into account the effective yield on asset.

The Company is obliged to evaluate each of its contracts with its customers to determine whether its performance obligations are fulfilled over time or at a specified time. The Company evaluates the equipment (mobile phone devices, accessory) revenue by spreading it point in time.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Property and equipment

Property and equipment are carried at cost which is restated to the purchasing power at reporting date according to the IAS29 application less accumulated depreciation and impairment, if any. The cost value of the tangible asset consists of the purchase price and non - refundable taxes and the costs incurred to make the tangible asset ready for use. The depreciation method is determined in accordance with the consumption model expected to be implemented by the Company in relation to the future economic benefits of the asset. Property and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and prospectively recognized.

Depreciation is calculated on a straightline basis over the cost of property and equipment. The depreciation periods for property and equipment, which approximate the useful lives of such assets, are as follows:

	Years
Equipment and machines	2 - 10
Furniture and fixtures	2 - 10
Leasehold improvements	2 – 5

Expenses incurred to replace any part of the tangible fixed assets can be capitalized only if they are expected to increase the future economic benefits of the asset. All other expenses are recognized in the statement of income as an expense. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of asset net selling price or value in use. The carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of the property, plant and equipment is the higher of future cash flows from the utilization of this property, plant and equipment or fair value less cost to sell.

Gains or losses on disposals of property and equipment are determined by comparing proceeds with carrying amounts and are included in investment income and losses.

Expenses arising from replacing any part of tangible fixed assets can be capitalized if they increase the future economic benefit of the asset together with maintenance and repair costs. All other expenses are recognized in expense items in the statement of profit or loss as they occur.

Intangible assets

Intangible assets are initially recognized at cost which is restated to the purchasing power at reporting date according to the IAS29 application less accumulated amortization and impairment, if any. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. After the initial recognition, intangible fixed assets are presented with their values after deducting accumulated amortization and impairment provisions, if any.

Intangible assets consist of computer software and application development costs. Intangible assets excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the year in which it is incurred.

Intangible assets with finite lives are amortized on a straight line basis over their estimated useful lives. Economic useful lives of intangible assets are as follows:

	Years
Computer software and licenses	3

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Impairment of assets

At each reporting date, the Company assesses whether there is any indication of impairment of an asset. If such indicator exists, the recoverable amount of that asset is estimated and tested for impairment. Goodwill and intangible assets that have indefinite economic life or intangible assets not yet in use are tested annually for impairment, regardless of whether there is an indication of impairment. The recoverable amount is the higher of the asset's value in use and the fair value less costs to sell. Fair value is the price to be received from the sale of an asset or to be paid to settle a liability in an arm's length transaction between the market participants at the date of measurement. Value in use is the present value of future cash flows expected to be derived from an asset or cash generating unit.

An impairment loss is recognized if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount by its use or sale. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). For impairment testing, goodwill arising in a business combination is allocated to cash generating units, which are expected to benefit from the merger synergy. An impairment loss recognized in cash generating units is firstly deducted from the carrying amount of the goodwill allocated to the units and then from the carrying amount of the other assets in the units. Impairment losses are recognized in profit or loss.

It is not always necessary to determine both the fair value of the asset and its value in use. If any of the aforementioned amount exceeds the carrying amount of the related asset, the asset has not suffered any impairment and there is no need to estimate the other amount.

The increase in the carrying value of the asset due to the cancellation of the impairment loss does not exceed the carrying amount (net amount after the depreciation) had there been no impairment loss in previous years.

Financial assets

Classification and measurement

The Company classifies its financial assets and measures them at amortized cost. The classification is based on the business model determined according to the purpose of benefiting from financial assets and expected cash flows. The Company makes the classification of its financial assets on the date of purchase.

a) Financial assets recognized at amortized cost

"Financial assets measured at amortized cost", are non derivative assets that are not quoted in an active market and are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Assets with maturities less than 12 months as of the balance sheet date are classified as current assets while with maturities more than 12 months as of the balance sheet date are classified as non - current assets. Company's financial assets measured at amortized cost comprise "cash and cash equivalents" and "other receivables". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non derivative financial assets measured at amortized cost are accounted for under the statement of income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments whose 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. The Company reviews its cash and cash equivalents for impairment by using the expected credit loss model.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Trade and other receivables

Trade and other receivables that are created by the Company by way of providing goods or services directly to a debtor are carried at amortized cost. Amortized cost of trade receivables is calculated by discounting original invoice amounts to be collected at their maturity by using the effective yield method. Short term receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

Impairment

Since the Company's trade and other receivables recognized at amortized cost in the financial statements do not include an important financing component, the Company uses the provisioning matrix by selecting the simplified application for the impairment calculations. With this application, the Company measures the expected credit loss provision from an amount equal to the expected credit losses of the lifetime when the trade receivables are not impaired due to certain reasons. In the calculation of the expected credit losses, the Company's future forecasts are taken into consideration along with the past credit loss experiences.

Financial liabilities

Trade payables

Trade payables are the payments to be made in relation to the goods and services provided from the suppliers within the ordinary business activities. Trade payables are initially measured at fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition of the financial assets and liabilities

Financial assets

Financial assets (or, where applicable, part of a financial asset or part of a Company of similar financial assets) are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If the Company neither retains nor transfers substantially all the risks and rewards, but has not retained control of the financial assets, it also derecognizes the financial assets.

In the event that the Company transfers the right to cash flows from the financial asset but substantially retain the risks and rewards arising from the asset and does not transfer the control of the asset, the asset is recorded to the extent of the Company's continuing relationship with the asset. If the ongoing relationship with the transferred asset is in the form of collaterals given for the asset, the asset is measured at the lower of the carrying amount and the maximum amount payable by the Company.

Financial liabilities

An Company may only cease to recognize (derecognize) a financial liability when it is extinguished - that is, when the obligation is discharged, cancelled or expired, or when the debtor is legally released from the liability by law or by the creditor agreeing to such a release. When debt that is replaced by new debt and the restructuring or modification of existing debt should be accounted for as an extinguishment of the original financial liability and new liability is recognized. In these circumstances, the difference between the carrying amount of the financial liability extinguished and the fair value of the new liability is recognized in the income statement.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Offsetting financial assets and liabilities

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

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Leases

As of the date of implementation, the Company applied simplified approach that are recognized for leases and low-value leases that will end in 12 months or less.

As a lessee, the Company has classified the lease transactions, where the risks and returns related to the ownership of the asset previously belonged to the Company, belong to the financial lease. Apart from this, leasing transactions are classified as operational leasing. As of January 1, 2021, the date of transition to IFRS 16 "Leases" standard, the Company has measured its lease liability at the present value of the lease payments not paid at that time. Lease payments are discounted by using the implicit interest rate in the lease if the interest rate can be determined easily, and by using the alternative incremental borrowing rate of the Company, if the interest rate cannot be determined.

As a simplified approach, the Company applied a single discount rate to a portfolio consisting of leases with reasonably similar properties.

If a contract regulates the right to control the use of an asset that is defined in the contract for a certain period and for a specific price, this contract is considered as a lease in its nature or includes a lease transaction. At the beginning of a contract, the Company assesses whether the contract is a lease or include a lease transaction. The Company considers the following conditions when assessing whether or not a contract transfers the right to control the use of a defined asset for a specified period of time:

(a) The existence of a clearly or implicitly identifiable asset that constitutes the subject of the lease.
(b) The lessee has the right to obtain almost all of the economic benefits from the use of the defined asset that constitutes the subject of the lease.
(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.
(d) The lessee has the right to manage the use of the defined asset that constitutes the subject of the lease. According to circumstances listed below, the tenant is deemed to have the right to manage the defined asset constituting the subject of the lease;

  i) The lessee has the right to operate the property for the duration of its use (or to direct others to operate the property in its own way) and the lessor does not have the right to change these operating instructions or
  ii) Designing the asset (or certain features of the asset) in advance in a manner of how and for what purpose the asset will be used during its occupancy by the lessee.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

The right-of-use asset

The right-of-use asset is initially recognized by the cost method and includes the followings:

(a) The first measurement amount of the lease liability to be recognized as the right of use asset,
(b) Deduction of all leasing incentives related to the lease, from the first measurement amount of the lease liability recorded as a right of use asset,
(c) All direct costs, that are related to the lease, incurred by the Company to be added to the first measurement amount of the lease liability, which will be recognized as a right of use asset, and
(d) Estimated costs to be incurred by the Company shall be added to the initial measurement amount in relation to the dismantling and transporting of the defined asset constituting the subject of the lease, the restoration of the area in which it is placed, or the restoration of the defined asset as required by the terms and conditions of the lease.

In applying the cost method, the Company measures the right of use asset by:

(a) Deducting the accumulated depreciation and accumulated impairment losses and
(b) Measuring the cost of the lease in accordance with the re-measurement of the lease liability.

The Company applies the depreciation provisions on the right of use assets accordance with IAS 16 Property, Plant and Equipment. If the supplier transfers the ownership of the underlying asset to the Company at the end of the lease period, or if the cost of the right of use asset indicates that the Company will use a purchase option, the Company will depreciate the asset from the date that the actual use of the lease actually begins until the end of the useful life of the underlying asset. In other cases, the Company will depreciate its right of use according to the shorter of the useful life or lease term of the asset, starting from the date the lease actually begins.

The Company applies depreciation provisions in "IAS 16 Property, Plant and Equipment" while depreciating the right of use asset. In order to determine whether the right of use asset has been impaired or not and to recognize any impairment losses the "IAS 36 Impairment of Assets" standard is implemented.

Lease liability

At the effective date of the lease, the Company measures its leasing liability at the present value of the lease payments not realized at that date. If the interest rate on the lease can be easily determined, this rate is used in discount; if the implied interest rate cannot be easily determined, the payments are discounted by using the alternative borrowing interest rate of the lessee.

Lease payments that are included in the measurement of the lease liability of the Company and the payments that have not occurred on the date when the lease is actually started consist of the following:

(a) Amount deducted from all types of rental incentive receivables from fixed payments,
(b) Lease payments based on an index or a rate, lease payments made using an index or a rate at the time the initial measurement was actually started.
(c) If the Company is reasonably sure that it will use the purchase option, the price of use of this option and.
(d) The penalty for termination of the lease in cases the lessee shows a sign of it will use an option to terminate the lease.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

After the effective date of the lease, the Company measures its lease liability as follows:

(a) Increasing the book value by reflecting interest on lease liability,
(b) Reducing the book value by reflecting the lease payments made
(c) Re-measures the book value to reflect any re-evaluations and reconfigurations, if any. The Company reflects the remeasured amount of the lease obligation to the financial statements as adjustment in the use of right.

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

After the lease actually started, the Company re-measures the lease liability to reflect changes in lease payments. The Company reflects the re-measurement amount of the lease liability to its financial statements as a correction in the presence of the right of use asset. The Company re-measures the lease liability by reducing the revised lease payments at a revised discount rate if any of the following conditions occur:

(a) There is a change in the leasing period. The Company determines the revised lease payments based on the revised lease term,
(b) Changes in the assessment of the option for the purchase of the underlying asset. The Company determines the revised lease payments to reflect the change in amounts to be paid under the purchase option.

If the Company can easily determine the revised discount rate for the remainder of the lease period and the incremental borrowing rate in the lease; In case it cannot be determined easily, the Company determines the alternative incremental borrowing rate on the date of re-evaluation.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies have been translated at the official Turkish Republic Central Bank bid rates. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains and losses arising from translation of monetary assets and liabilities are reflected in the income statement.

Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present legal or constructive obligation as 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 can be made. Where the effect of the time value of money is material, the provision amount is determined as the present value of the expenses expected to be required for the fulfillment of the obligation. In determining the discount rate to be used to discount the provisions to the present value, the interest rate in the relevant markets and the risk related to the said liability are taken into consideration. This discount rate is determined as pre - tax and does not include the risk of future cash flows.

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 recognized in these financial statements and treated as contingent liabilities and contingent assets.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Related parties

If a company has sanction power over the other company and/or a company can influence the financial and operational decisions of the other company, the two companies are considered as related parties. In the financial statements, the related parties of the shareholders and shareholders are designated as related parties. The related party statement also includes the Company's parent, senior management, board members and their families.

Taxation on income

Income tax expense represents the sum of the current tax and deferred tax. The current tax liability is based on taxable profit for the period. Current year tax liability includes the tax liability calculated on the taxable portion of the profit for the period with the tax rates applicable considering the tax legislation in effect as of the balance sheet date and the adjustment records related to the tax liability in the past years.

Deferred income tax is calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. The tax value of assets and liabilities represent the amounts that will affect the tax base in the future periods related to the assets and liabilities within the framework of tax legislation. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets or liabilities are reflected to the financial statements at the rate of increase and decrease expected to be incurred in the future taxable period in which such temporary differences will be eliminated. Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset.

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

Employee benefits

Under Turkish law and union agreements, 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 "Employee Benefits" ("IAS 19"). Allowances for employee termination benefits recognized in the balance sheet is calculated based on the net present value of the liability amounts expected to arise in the future due to the retirement of all employees and reflected in the financial statements. All actuarial gains and losses are recognized in the other comprehensive income. Unused vacation rights accrued in the financial statements represents estimated total provision for potential liabilities related to employees' unused vacation days as of the balance sheet date.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Summary of significant accounting policies (Continued)

Interest, dividends, gains and losses

Transaction costs incurred in issuing shares (registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties and other similar costs) are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Subsequent event

Subsequent events and announcements related to net profit or even declared after other selective financial information has been publicly announced; include all events that take place between the balance sheet date and the date when the balance sheet is authorized for issue. In the case that events requiring an adjustment to the financial statements occur subsequent to the balance sheet date, the Company makes the necessary corrections on the financial statements.

Share Capital

Ordinary shares are classified in equity.

2.4 Critical accounting estimates, assumptions and judgements

Critical decisions of the Company in applying accounting policies and key sources of estimation uncertainty

In the process of applying the accounting policies stated in Note 2.3, the Company's management made the following comments, which have a significant impact on the amounts recognized in the financial statements:

Income Tax

In the event of any dispute with the tax authorities, the calculation of tax expense for the items which cannot be determined until the decision of the relevant authorities or until the end of the legal process, requires estimation and evaluation. As part of the preparation of the financial statements, the Company is responsible for estimating taxes for each country in which the operation is carried out. This process includes estimation of deferred assets and liabilities by evaluating the temporary timing differences calculated from adjustments of current tax expenses, deferred income and accruals. The Company Management recognize deferred tax assets in cases where it can compensate or deduct future taxable income. Deferred tax asset is recognized when it is probable that future taxable income will be available.

Therefore, the recognition of the deferred tax asset depends on the estimation of the future financial performance.

NOTE 3 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash at banks		
- Demand deposit	*4,342,143*	*126,030,757*
- Time deposit in TRY	-	*298,556,897*
Total	***4,342,143***	**424,587,654**

As of 31 December 2023, TRY 12,393 of demand deposits is denominated in USD (31 December 2022: 5,505,986) and TRY 1,233,997 is denominated in EUR (31 December 2022: 390,093).

Cash and cash equivalents in cash flow statements are as follows:

	31 December 2023	31 December 2022
Cash and cash equivalents	4,342,143	424,587,654

NOTE 4 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables	**31 December 2023**	**31 December 2022**
Trade receivables	2,146,453,914	1,898,164,070
Due from related parties	-	14,685,327
Less: provision for impairment of receivables	(1,180,935)	(1,945,861)
Total	**2,145,272,979**	**1,910,903,536**

Movements on the provision for impairment of trade receivables are as follows:

	2023	2022
Balance at 1 January	**1,945,861**	**3,196,458**
Provision for impairment of receivables	72,898	99,567
Effects of exchange rate changes	1,904,540	1,671,601
Effects of inflation	(2,742,364)	(3,021,292)
Balance at 31 December	**1,180,935**	**1,945,861**

b) Short term trade payables	**31 December 2023**	**31 December 2022**
Trade payables	1,346,384,920	1,616,426,489
Expense accruals	256,358,210	284,926,708
Total	**1,602,743,130**	**1,901,353,197**

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 5 - RELATED PARTY TRANSACTIONS

	31 December 2023	31 December 2022
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	-	14,653,468
Paynet Ödeme Hizmetleri A.Ş.	-	31,859
Total due from related parties (trade)	**-**	**14,685,327**

	31 December 2023	31 December 2022
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	855,730,393	-
Arena Mobile İletişim Hiz. ve Tüketici Elek. San. ve Tic. A.Ş.	36,890,391	122,894,845
Total due to related parties (other)	**892,620,784**	**122,894,845**

Services rendered to related parties	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Arena Mobile İletişim Hiz. ve Tüketici Elek. San. ve Tic. A.Ş.	35,683,133	161,623,355
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	8,142,503	37,008,116
Paynet Ödeme Hizmetleri A.Ş.	25,000	65,098
Arena Connect İletişim ve Servis Ltd. Şti.	-	235,902
Total	**43,850,636**	**198,932,471**

Purchases from related parties	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Arena Mobile İletişim Hiz. ve Tüketici Elek. San. ve Tic. A.Ş.	320,924,493	392,080,266
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	36,257,747	41,523,016
Paynet Ödeme Hizmetleri A.Ş.	63,741,042	12,509,219
Arena Connect İletişim ve Servis Ltd. Şti.	-	129,429
Total	**420,923,282**	**446,241,930**

Other expenses	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	21,659,204	18,465,340
Arena Mobile İletişim Hiz. ve Tüketici Elek. San. ve Tic. A.Ş.	506,794	1,273,403
Paynet Ödeme Hizmetleri A.Ş.	998	-
Arena Connect İletişim ve Servis Ltd. Şti.	-	36,914
Total	**22,166,996**	**19,775,657**

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 5 - RELATED PARTY TRANSACTIONS (Continued)

Other income	1 January - 31 December 2023	1 January - 31 December 2022
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	568,363	-
Paynet Ödeme Hizmetleri A.Ş.	215,481	-
Arena Mobile İletişim Hiz. ve Tüketici Elek. San. ve Tic. A.Ş.	202	-
Total	**784,046**	**-**

Interest expenses	1 January - 31 December 2023	1 January - 31 December 2022
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	259,808,518	88,836,553
Total	**259,808,518**	**88,836,553**

Interest incomes	1 January - 31 December 2023	1 January - 31 December 2022
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	25,197,920	-
Total	**25,197,920**	**-**

Senior management consists of the Board of Directors, General Manager and Assistant General Managers. The remuneration and similar benefits paid to the top management by the Company are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Short term benefits	8,236,637	3,542,639
Total	**8,236,637**	**3,542,639**

NOTE 6 - INVENTORIES

	31 December 2023	31 December 2022
Trade goods	1,118,794,237	453,544,570
Less: write-down of inventories	(8,957,999)	(15,997,707)
Total	**1,109,836,238**	**437,546,863**

Movements on the write-down of inventories are as follows:

	2023	2022
Balance at 1 January	**(15,997,707)**	**(3,804,361)**
Provision during the year	(5,886,736)	(14,437,059)
Inflation effect	12,926,444	2,243,713
Balance at 31 December	**(8,957,999)**	**(15,997,707)**

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 7 - PROPERTY AND EQUIPMENT

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

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Furniture and fixtures	6,891,472	233,024	-	7,124,496
Equipment and machines	10,446,946	-	-	10,446,946
Total	**17,338,418**	**233,024**	**-**	**17,571,442**
Accumulated depreciation				
Furniture and fixtures	(3,388,562)	(1,594,412)	-	(4,982,974)
Equipment and machines	(10,147,295)	(45,082)	-	(10,192,377)
Total	**(13,535,857)**	**(1,639,494)**	**-**	**(15,175,351)**
Net book value	**3,802,561**			**2,396,091**

	1 January 2022	Additions	Disposals	31 December 2022
Cost				
Furniture and fixtures	8,347,759	4,025,761	(5,482,048)	6,891,472
Leasehold improvement	4,995,007	-	(4,995,007)	-
Equipment and machines	12,818,211	91,266	(2,462,531)	10,446,946
Total	**26,160,977**	**4,117,027**	**(12,939,586)**	**17,338,418**
Accumulated depreciation				
Furniture and fixtures	(6,918,256)	(1,513,789)	5,043,483	(3,388,562)
Leasehold improvement	(4,314,645)	(168,648)	4,483,293	-
Equipment and machines	(8,103,249)	(4,506,577)	2,462,531	(10,147,295)
Total	**(19,336,150)**	**(6,189,014)**	**11,989,307**	**(13,535,857)**
Net book value	**6,824,827**			**3,802,561**

The distribution of depreciation expenses is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
General administrative expenses	(1,639,494)	(2,647,156)
Cost of sales	-	(3,541,858)

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 8 - INTANGIBLE ASSETS

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

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Computer software and licenses	21,197,262	3,755,934	-	24,953,196
Total	**21,197,262**	**3,755,934**	**-**	**24,953,196**
Accumulated depreciation				
Computer software and licenses	(18,947,141)	(3,256,844)	-	(22,203,985)
Total	**(18,947,141)**	**(3,256,844)**	**-**	**(22,203,985)**
Net book value	**2,250,121**			**2,749,211**

	1 January 2022	Additions	Disposals	31 December 2022
Cost				
Computer software and licenses	19,797,478	1,399,784	-	21,197,262
Total	**19,797,478**	**1,399,784**	**-**	**21,197,262**
Accumulated depreciation				
Computer software and licenses	(18,095,186)	(851,955)	-	(18,947,141)
Total	**(18,095,186)**	**(851,955)**	**-**	**(18,947,141)**
Net book value	**1,702,292**			**2,250,121**

The distribution of depreciation expenses is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
General administrative expenses	(3,256,844)	(851,955)

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 9 - RIGHT OF USE ASSETS

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

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Vehicles	39,199,540	1,239,842	(11,460,435)	28,978,947
Total	**39,199,540**	**1,239,842**	**(11,460,435)**	**28,978,947**
Accumulated depreciation				
Vehicles	(23,866,858)	(13,603,744)	11,460,435	(26,010,167)
Total	**(23,866,858)**	**(13,603,744)**	**11,460,435**	**(26,010,167)**
Net book value	**15,332,682**			**2,968,780**

	1 January 2022	Additions	Disposals	31 December 2022
Cost				
Vehicles	25,572,414	13,627,126	-	39,199,540
Total	**25,572,414**	**13,627,126**	**-**	**39,199,540**
Accumulated depreciation				
Vehicles	(11,012,399)	(12,854,459)	-	(23,866,858)
Total	**(11,012,399)**	**(12,854,459)**	**-**	**(23,866,858)**
Net book value	**14,560,015**			**15,332,682**

The distribution of depreciation expenses is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
General administrative expenses	(13,603,744)	(12,854,459)

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 10 - FINANCIAL LIABILITIES

	31 December 2023		
	Interest rate (%)	**Original balances**	**in TRY**
Short term borrowing:			
TRY bank borrowing	17% - 22%	104,137,506	104,137,506
Short term portion of long-term lease liabilities:			
TRY leasing liabilities	17% - 22%	1,655,099	1,655,099
Short term other financial liabilities:			
TRY other financial liabilities	17% - 22%	352,405,263	352,405,263
Total short-term financial liabilities			**458,197,868**
Long-term lease liabilities:			
TRY leasing liabilities	17% - 22%	152,953	152,953
Total long-term financial liabilities			**152,953**
Total financial liabilities			**458,350,821**

	31 December 2022		
	Interest rate (%)	**Original balances**	**in TRY**
Short term borrowing:			
TRY bank borrowing	17% - 22%	294,218,179	294,218,179
Short term portion of long-term lease liabilities:			
TRY leasing liabilities	17% - 22%	5,879,146	5,879,146
Total short-term financial liabilities			**300,097,325**
Long-term borrowings:			
TRY leasing liabilities	17% - 22%	1,425,218	1,425,218
Total long-term financial liabilities			**1,425,218**
Total financial liabilities			**301,522,543**

NOTE 11 - EMPLOYEE BENEFITS

Payables to employees	**31 December 2023**	**31 December 2022**
Social security payment	71,022	4,577,800
Unused vacation liability	2,589,563	3,166,357
Total	**2,660,585**	**7,744,157**

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 11 - EMPLOYEE BENEFITS (Continued)

Short term provision for employee benefits	**31 December 2023**	**31 December 2022**
Provision for bonus	2,721,419	3,768,146
Total	**2,721,419**	**3,768,146**

The movement table of provision for bonus as of 31 December 2023 and 2022 is as follows:

	2023	**2022**
1 January	**3,768,146**	**3,431,910**
Payments	(2,814,302)	(2,563,179)
Additions	813,732	2,030,684
Inflation effect	953,844	868,731
31 December	**2,721,419**	**3,768,146**

Long term provision for employee benefits	**31 December 2023**	**31 December 2022**
Provision for employee termination benefits	3,337,111	8,725,283
Total	**3,337,111**	**8,725,283**

The provision for employment termination benefits is calculated according to the following explanations.

Under Turkish Labor Law, the Company is required to pay employee termination benefits to each employee who has qualified. Also, employees are required to be paid their retirement pay who retired by gaining right to receive according to current 506 numbered Social Insurance Law's 6 March 1981 dated, 2422 numbered and 25 August 1999 dated, 4447 numbered with 60th article that has been changed. Some transitional provisions related to preretirement service conditions have been removed from the Law with the amendment of the related law on 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 23,489.83 for each period of service as at 31 December 2023 (31 December 2022: TRY 15,371.40). As the maximum termination liability is revised semiannually, when calculating the provision for severance pay, the maximum amount of TRY 23,489 is taken into consideration as it is effective on and from 1 January 2024. The liability is not funded, as there is no funding requirement. The retirement pay liability is calculated based on the estimation of the present value of the future probable obligation of the Company arising from the retirement of the employees. IAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the Company's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

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 estimated rate of severance pay amounts not to be paid by the Company, which is due to voluntary resigns, is also taken into consideration.

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 11 - EMPLOYEE BENEFITS (Continued)

Movement of retirement pay provision for the period ended at 31 December 2023 and 2022 are as follows:

	2023	2022
1 January	**8,725,283**	**6,171,120**
Interest cost	1,142,016	2,871,908
Service cost	992,333	2,495,491
Payments	(3,976,164)	(1,979,069)
Inflation effect	(3,546,357)	(834,167)
31 December	**3,337,111**	**8,725,283**

NOTE 12 - PROVISIONS AND CONTINGENCIES

a) Guarantees given and obtained

The guarantee letters and notes given and obtained are as follows:

	31 December 2023	31 December 2022
Guarantee letters and notes given	748,450,000	524,719,359
Guarantee letters and notes obtained	1,200,656,400	1,218,537,585

b) Provisions

The movement table of sales return provision as of 31 December 2023 and 2022 is as follows:

	2023	2022
1 January	**10,254,535**	**12,560,888**
Additions	2,047,514	3,087,933
Inflation effects	(4,439,050)	(5,394,286)
31 December	**7,862,999**	**10,254,535**

The movement table of other provisions as of 31 December 2023 and 2022 is as follows:

	2023	2022
1 January	**2,216,036**	**2,464,009**
Additions	-	2,623,811
Payments	(1,679,537)	(2,464,009)
Inflation effects	(536,499)	(407,775)
31 December	**-**	**2,216,036**

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 13 - SHAREHOLDERS EQUITY

The composition of the Company's paid in share capital as of 31 December 2023 and 2022 is as follows:

	31 December 2023	31 December 2022
Arena Bilgisayar Sanayi ve Ticaret A.Ş.	39,517,500	39,517,500
Paid in capital	**39,517,500**	**39,517,500**
Adjustments to share capital	**320,366,241**	**320,366,241**
Total	**359,883,741**	**359,883,741**

As of 31 December 2023, the issued share capital of the Company is divided into 359,883,741 shares (31 December 2022: 359,883,741 shares) with a nominal value of TRY 1 (31 December 2022: TRY 1) represented.

Reserves on retained earnings

The legal reserves are appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the paid in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid in share capital. The legal reserves are not available for distribution unless they exceed 50% of the paid in share capital but may be used to offset losses in the event that the general reserve is exhausted.

NOTE 14 - REVENUE AND COST OF SALES

	1 January - 31 December 2023	1 January - 31 December 2022
Sales of goods - mobile telephone	10,384,148,984	10,326,114,452
Sales of goods - accessory	1,693,492,834	1,339,950,915
Other Sales	295,705,542	547,943,405
Less: sales returns	(167,060,464)	(97,243,284)
Less: sales discounts	(19,979,917)	(41,040,264)
Revenue, net (at a point in time)	**12,186,306,979**	**12,075,725,224**

	1 January - 31 December 2023	1 January - 31 December 2022
Cost of merchandise sold	(11,745,935,991)	(11,426,339,620)
Depreciation and amortisation	-	(3,541,858)
Personnel expenses	-	(99,316)
Cost of sales	**(11,745,935,991)**	**(11,429,980,794)**

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 15 - OPERATING EXPENSE

General administrative expenses	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	(20,981,719)	(42,814,713)
Outsource expenses	(15,845,301)	(20,095,965)
Depreciation and amortization expenses	(18,500,082)	(16,353,570)
Travel expenses	(4,484,809)	(849,148)
Other	(1,898,882)	(988,936)
Total	**(61,710,793)**	**(81,102,332)**

Selling and marketing expenses	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	(74,421,322)	(40,556,170)
Marketing expenses	(10,583,877)	(19,596,991)
Transportation expenses	(26,939,538)	(7,359,077)
Travel expenses	(4,761,849)	(2,077,277)
Outsource expenses	(3,025,343)	(2,307,163)
Other	(2,687,827)	(1,590,750)
Total	**(122,419,756)**	**(73,487,428)**

NOTE 16 - FINANCE INCOME AND EXPENSE

Financial income	1 January - 31 December 2023	1 January - 31 December 2022
Interest income	24,322,672	15,183,900
Total	**24,322,672**	**15,183,900**

Financial expense	1 January - 31 December 2023	1 January - 31 December 2022
Interest expenses	(58,405,191)	(240,149,454)
Factoring expenses	(428,153,560)	(70,913,840)
Bank commission expenses	(82,823,152)	(37,700,072)
Foreign exchange losses	-	(1,343,430)
Total	**(569,381,903)**	**(350,106,796)**

NOTE 17 - INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED)

The analysis of current and deferred income taxes per the statement of income for the years ended 31 December 2023 and 2022 is as follows:

	2023	2022
Current income tax expense	(18,626,914)	(73,903,740)
Deferred income tax expense	(17,559,850)	11,515,090
Total	**(36,186,764)**	**(62,388,650)**

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 17 - INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (Continued)

Corporate Tax

	31 December 2023	31 December 2022
Current income tax expense	(18,626,914)	(73,903,740)
Temporary tax and withholding to be deducted	14,481,564	47,704,063
Income tax receivables/(payables)	**(4,145,350)**	**(26,199,677)**

Provision is made in the accompanying financial statements for estimated tax liabilities related to the Company's current period results.

Corporation tax is applicable on the total income of the companies after adjusting for certain disallowable expenses, corporate income tax exemptions (participation exemption, investment allowance, etc.) and corporate income tax deductions (e.g. research and development expenditures deductions). In Turkey the corporation tax rate in 2023 is 25% (2022: 23%). As of 2023, the corporate tax rate is expected to continue to be 25% unless there is a new regulation.

Under the Turkish taxation system, tax losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

In Turkey, there is no agreement with the tax authorities on the tax payable. Companies file their tax declarations until the 25th of the fourth month following the close of the accounting period. In addition, the tax authorities may review the accounting records within five years and the amount of tax payable may be changed if an incorrect transaction is detected.

The Company's tax reconciliation as of 31 December 2023 and 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Loss before tax	(111,449,316)	(13,172,564)
Tax at the domestic income tax rate 25% (2022: 23%)	27,862,329	3,029,690
Non-deductible expenses	(8,656,576)	(10,223,161)
Tax incentives	8,234,148	1,467,926
Recognized deferred tax assets due to tax losses	-	2,145,511
Used deferred tax assets due to tax losses	-	13,081,979
Change in the corporate tax rate	(3,781,250)	(7,376,953)
Inflation effect	(59,845,415)	(63,996,992)
Other, net	-	(516,650)
Tax income income/(expenses)	**(36,186,764)**	**(62,388,650)**

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 17 - INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (Continued)

Deferred taxes

The Company recognizes deferred tax assets and liabilities based on temporary differences arising between the financial statements as reported for Financial Reporting Standards announced by Public Oversight Authority and financial statements prepared in accordance with the tax legislation. The temporary differences which gave rise to deferred income tax assets and liabilities were as follows:

	Deferred income tax assets/(liabilities)	
	31 December 2023	**31 December 2022**
Adjustments related to trade receivables	2,910,600	2,907,983
Adjustments related to employee benefits	1,481,669	2,453,780
Adjustments related to intangible assets	(17,893)	-
Adjustments related to property, plant and equipment	(84,171)	297,234
Adjustments related to trade payables	43,355,838	59,521,851
Adjustments related to right of use assets	(682,728)	-
Adjustments related to inventories	(4,502,437)	(5,160,119)
Deferred income tax assets/(liabilities), net	**42,460,878**	**60,020,729**

The movements of the deferred tax asset/(liability) during the period are as follows:

	2023	**2022**
Balance at 1 January	**60,020,729**	**71,535,818**
Related to profit or loss statement	(17,559,851)	(11,515,089)
Balance at 31 December	**42,460,878**	**60,020,729**

NOTE 18 - FINANCIAL RISK MANAGEMENT

Risk management

The finance department of the Company is responsible for regular access to financial markets and monitoring and managing the Company's financial reports by means of operational reports showing the level and extent of the financial risks of the Company's operations. These risks include market risk (including foreign exchange risk, interest rate risk), credit risk and liquidity risk.

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 18 - FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

Financial losses that may arise in the Company's receivables and financial assets as a result of a customer or counterparty's failure to fulfill the terms of the financial assets constitute the credit risk.

As of 31 December 2023 and 2022, the Company's maximum exposure to credit risk is measured by presenting all of the financial assets with their carrying values in the balance sheet.

The financial instruments and the amounts the Company is exposed to credit risk are as follows:

	Trade receivables			
31 December 2023	**Related parties**	**Other parties**	**Other receivables**	**Bank Deposit**
Maximum credit risk exposure as of the reporting date (A+B+C+D+E) (*)	-	2,145,272,979	-	4,342,143
- Secured portion of maximum credit risk with collateral	-	1,621,565,662	-	-
A. Carrying amount of financial assets that are not overdue and not impaired	-	1,632,438,944	-	4,342,143
- Guaranteed portion of the net book value	-	1,306,635,341	-	-
B. Carrying amount of financial assets whose terms were renegotiated, otherwise are overdue and impaired				
- Guaranteed portion of the net book value	-	512,834,051	-	-
C. Carrying amount of assets that are overdue but not impaired	-	-	-	-
- Carrying amount secured with collateral	-	314,930,321	-	-
D. Carrying amount of assets that are impaired	-	-	-	-
- Overdue (gross carrying amount)	-	1,180,935	-	-
- Impairment (-)	-	(1,180,935)	-	-
- Carrying amount secured with collateral	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- Carrying amount secured with collateral	-	-	-	-
E. Factors that include off balance sheet credit risk	-	-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, have not been considered.

	Trade receivables			
31 December 2022	**Related parties**	**Other parties**	**Other receivables**	**Bank Deposit**
Maximum credit risk exposure as of the reporting date (A+B+C+D+E) (*)	14,685,327	1,896,218,209	26,575,972	424,587,654
- Secured portion of maximum credit risk with collateral	-	1,218,537,586	-	-
A. Carrying amount of financial assets that are not overdue and not impaired	14,685,327	1,804,265,934	26,575,972	424,587,654
- Guaranteed portion of the net book value	-	541,109,157	-	-
B. Carrying amount of financial assets whose terms were renegotiated, otherwise are overdue and impaired	-	91,952,275	-	-
C. Carrying amount of assets that are overdue but not impaired	-	-	-	-
- Carrying amount secured with collateral	-	677,428,429	-	-
D. Carrying amount of assets that are impaired	-	-	-	-
- Overdue (gross carrying amount)	-	1,945,861	-	-
- Impairment (-)	-	(1,945,861)	-	-
- Carrying amount secured with collateral	-	-	-	-
- Not overdue (gross carrying amount)	-	-	-	-
- Impairment (-)	-	-	-	-
- Carrying amount secured with collateral	-	-	-	-
E. Factors that include off balance sheet credit risk	-	-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, have not been considered.

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 18 - FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk is the inability of the Company to meet its net funding requirements. The Company management manages the liquidity risk by allocating funds and maintaining sufficient cash and cash equivalents in order to fulfill its current and potential liabilities.

The Company's liquidity risk table is as follows:

31 December 2023

Maturities per contract	Carrying value	Total contractual cash outflow	Less than 3 months	3 months to 1 year	1 - 5 years
Trade payables	1,602,743,130	1,602,743,130	1,597,940,070	4,803,060	-
Other payables	892,620,784	892,620,784	892,620,784	-	-
Borrowings	104,137,506	104,137,506	26,034,377	78,103,129	-
Lease liabilities	1,808,052	2,418,216	566,326	1,698,947	152,953
Other financial liabilities	352,405,263	352,405,263	352,405,263	-	-
Total	**2,953,714,735**	**2,954,324,899**	**2,869,566,820**	**84,605,136**	**152,943**

31 December 2022

Maturities per contract	Carrying value	Total contractual cash outflow	Less than 3 months	3 months to 1 year	1 - 5 years
Trade payables	1,901,353,197	1,901,353,197	1,901,353,197	-	-
Other payables	122,894,845	122,894,845	122,894,845	-	-
Borrowings	294,218,179	294,218,179	73,554,545	220,663,634	-
Lease liabilities	7,304,364	8,526,226	1,775,252	5,325,756	1,425,218
Total	**2,325,770,585**	**2,326,992,447**	**2,099,577,839**	**225,989,390**	**1,425,218**

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The fluctuations in the related financial instruments cause changes in the Company's income statement and equity.

Foreign currency risk

The financial instruments of the Company in foreign currency are subject to exchange rate risk due to exchange rate changes. Foreign currency denominated assets and liabilities as of 31 December 2023 and 2022 are as follows:

31 December 2023

	USD	EUR	TRY equivalent
Bank deposits	421	37,883	1,246,391
Trade receivables	2,360,742	-	69,495,995
Inventory	272,999	-	8,036,605
Total foreign currency assets	**2,634,162**	**37,883**	**78,778,991**
Trade payables	(2,123,567)	-	(62,626,763)
Total foreign currency liabilities	**(2,123,567)**	**-**	**(62,626,763)**
Net foreign currency position	**510,595**	**37,883**	**16,152,228**

NOTE 18 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2022

	USD	EUR	TRY equivalent (*)
Bank deposits	270,398	19,568	5,446,080
Trade receivables	4,918,564	2,287	92,014,373
Total foreign currency assets	**5,188,962**	**21,855**	**97,460,453**
Trade payables	(4,259,472)	-	(79,788,428)
Total foreign currency liabilities	**(4,259,472)**	**-**	**(79,788,428)**
Net foreign currency position	**929,490**	**21,855**	**17,672,025**

(*) All the amounts are expressed in TRY in terms of purchasing power of the TRY at 31 December 2023.

Sensitivity analysis

The pretax profit and equity would have been lower/higher by the following amounts, provided that all other variables remained constant against the 10% appreciation/depreciation of the foreign currency at 31 December 2023 and 2022.

	31 December 2022 (*)	
	Profit/(loss)	
	Appreciation of foreign currency	**Depreciation of foreign currency**
Change of USD by 10% against TRY		
Liability denominated in USD - net	1,503,100	(1,503,100)
The part hedged for USD risk (-)	-	-
USD effect - net	**1,503,100**	**(1,503,100)**
Change of EUR by 10% against TRY		
Asset denominated in EUR - net	111,521	(111,521)
The part hedged for EUR risk (-)	-	-
EUR effect - net	**111,521**	**(26,442)**
Total net effect	**1,614,621**	**(1,614,621)**

NOTE 18 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2022 (*)	
	Profit/(loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TRY		
Liability denominated in USD - net	1,737,988	(1,737,988)
The part hedged for USD risk (-)	-	-
USD effect - net	**1,737,988**	**(1,737,988)**
Change of EUR by 10% against TRY		
Asset denominated in EUR - net	43,568	(43,568)
The part hedged for EUR risk (-)	-	-
EUR effect - net	**43,568**	**(43,568)**
Total net effect	**1,781,556**	**(1,781,556)**

(*) All the amounts are expressed in TRY in terms of purchasing power of the TRY at 31 December 2023.

Interest rate risk

Financial liabilities of the Company expose the Company to interest rate risk. The Company manages this risk by balancing the interest rates of its assets and liabilities or by using financial instruments for hedging purposes.

The Company does not expose the Company to interest rate risk, except for its loans and fixed rate lease obligations. The Company's fixed-rate lease liabilities are TRY 1,808,052 as of 31 December 2023 (31 December 2022: TRY 7,304,364), and fixed interest rate loans TRY 104,137,506 (31 December 2022: TRY 294,218,179).

Capital risk management

The primary objective of the Company's capital management objectives is to ensure that it maintains a healthy capital structure in order to support its business and maximize shareholder value.

	31 December 2023	31 December 2022
Total borrowings	458,350,821	301,522,543
Less: cash and cash equivalents	(4,342,143)	(424,587,654)
Net debt	454,008,678	(123,065,111)
Total equity	297,235,010	444,871,090
Net debt/Total equity	**153%%**	**(28) %**

(Amounts expressed in Turkish Lira ("TRY"), in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

NOTE 19 - NET DEBT RECONCILIATION

Movement of borrowings and lease liability is as follows:

	2023
Opening, 1 January	**301,522,543**
Additions	2,144,369,299
Cash outflows	(1,855,078,533)
Other non-cash transactions	57,412,858
Inflation effect	(189,875,346)
Closing, 31 December	**458,350,821**

	2022
Opening, 1 January	**611,671,631**
Additions	591,199,902
Cash outflows	(928,354,056)
Other non-cash transactions	237,653,963
Inflation effect	(210,648,897)
Closing, 31 December	**301,522,543**

NOTE 20 - SUBSEQUENT EVENTS

The payable amount of TL 664,000,000 to the related party Arena Bilgisayar Sanayi ve Ticaret A.Ş. has been qualified as capital advance with the decision of the Board of Directors dated 9 May 2024.

…………………