Consolidated Financial Statements and Independent Auditor's Report

"TEL-CELL" Closed Joint-Stock Company

31 December 2023

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Independent auditor's report

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To the shareholders of "TEL-CELL" Closed Joint-Stock Company:

Opinion

We have audited the consolidated financial statements of "TEL-CELL" Closed Joint-Stock Company (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as of 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2022 were audited by another auditor, who expressed unmodified opinion on those consolidated financial statements on 30 June 2023.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Armen Hovhannisyan	Naira Ulunts
Chief Executive Officer	Engagement Manager

28 June 2024

Consolidated statement of financial position

In thousand drams	Note	As of 31 December 2023	As of 31 December 2022
Assets			
Non-current assets			
Property and equipment	4	1,036,917	900,124
Intangible assets	5	476,470	501,912
Goodwill	6	1,157,700	1,157,700
Right-of use assets	7	264,285	294,348
Prepayments		139,518	50,182
Borrowings provided	10	205,785	205,000
Deferred income tax assets	8	63,880	62,177
		3,344,555	3,171,443
Current assets			
Inventories	9	272,969	148,000
Borrowings provided	10	38,159	43,383
Deposits in banks	11	155,359	155,359
Trade and other receivables	12	1,129,471	981,614
Current income tax assets		1,555	1,555
Cash and cash equivalents	13	7,902,100	5,508,989
Balances held on restricted accounts	13	5,959,251	5,716,791
		15,458,864	12,555,691
Total assets		18,803,419	15,727,134

Consolidated statement of financial position (continued)

In thousand drams	Note	As of 31 December 2023	As of 31 December 2022
Equity and liabilities			
Capital and reserves			
Share capital	14	1,078,000	231,000
Reserve capital		161,700	46,200
Retained earnings		2,416,860	4,073,198
Equity attributable to owners of the Company		3,656,560	4,350,398
Non-controlling interest		11,889	11,889
Total equity		3,668,449	4,362,287
Non-current liabilities			
Loans and borrowings	15	2,099,720	1,326,704
Lease liabilities	16	205,866	262,757
Trade and other payables	17	82,068	186,152
		2,387,654	1,775,613
Current liabilities			
Lease liabilities	16	73,281	65,374
Trade and other payables	17	12,384,382	8,839,844
Current income tax liabilities		289,653	684,016
		12,747,316	9,589,234
Total liabilities		15,134,970	11,364,847
Total equity and liabilities		18,803,419	15,727,134

The consolidated financial statements were approved on 28 June 2024 by:

Artyom Ghazaryan

Chief Executive Officer

Arthur Torosyan

Chief Accountant

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The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 12 to 42.

Consolidated statement of profit or loss and other comprehensive income

In thousand drams	Note	Year ended 31 December 2023	Year ended 31 December 2022
Revenue	18	9,846,861	12,711,421
Commission to agents		(3,124,954)	(4,378,737)
Other income	19	1,086,342	1,353,764
Staff costs		(2,193,961)	(2,063,231)
Lease expenses	16	(615,985)	(477,655)
Depreciation and amortization	4,5,7	(458,299)	(417,978)
Permission fees		(228,340)	(228,790)
Cash collection services		(261,408)	(241,492)
Advertising and marketing expenses		(452,375)	(350,160)
Support and maintenance expenses		(112,450)	(97,570)
Banking services		(686,925)	(436,563)
(Credit loss expense)/Reversal of credit loss expense	12,13	12,168	(38,164)
Other expenses	20	(635,140)	(611,463)
Results from operating activities		2,175,534	4,723,382
Finance income	21	308,839	392,804
Finance costs	21	(128,801)	(615,980)
Net finance income/(expense)		180,038	(223,176)
Profit before tax		2,355,572	4,500,206
Income tax expense	22	(504,831)	(984,556)
Profit for the year		1,850,741	3,515,650
Total comprehensive income attributable to:		1,850,741	3,515,650
Owners of the Company		1,850,741	3,515,650
Non-controlling interest		-	-

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 12 to 42.

Consolidated statement of changes in equity

	Equity attributable to owners of the Company					
In thousand drams	Share capital	Reserve capital	Retained earnings	Total	Non-controlling interest	Total equity
as of 1 January 2022	220,000	35,000	2,568,748	2,823,748	11,889	2,835,637
Profit for the year	-	-	3,515,650	3,515,650	-	3,515,650
Total comprehensive income for the year	-	-	3,515,650	3,515,650	-	3,515,650
Issue of ordinary shares	11,000	-	-	11,000	-	11,000
Dividends	-	-	(2,000,000)	(2,000,000)	-	(2,000,000)
Distribution to reserve	-	11,200	(11,200)	-	-	-
Transactions with owners	11,000	11,200	(2,011,200)	(1,989,000)	-	(1,989,000)
as of 31 December 2022	231,000	46,200	4,073,198	4,350,398	11,889	4,362,287
Profit for the year	-	-	1,850,741	1,850,741	-	1,850,741
Total comprehensive income for the year	-	-	1,850,741	1,850,741	-	1,850,741
Issue of ordinary shares	847,000	-	-	847,000	-	847,000
Dividends	-	-	(3,391,579)	(3,391,579)	-	(3,391,579)
Distribution to reserve	-	115,500	(115,500)	-	-	-
Transactions with owners	847,000	115,500	(3,507,079)	(2,544,579)	-	(2,544,579)
as of 31 December 2023	1,078,000	161,700	2,416,860	3,656,560	11,889	3,668,449

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 12 to 42.

Consolidated statement of cash flows

In thousand drams	Year ended 31 December 2023	Year ended 31 December 2022
Cash flows from operating activities		
Commissions received	9,146,424	12,474,798
Commissions paid	(3,001,723)	(4,242,196)
Net proceeds from foreign exchange operations	1,026,154	1,213,945
Net proceeds from other services	443,004	291,386
Other income received	50,163	69,945
Payments to employees	(2,176,903)	(1,962,738)
Other expenses paid	(2,977,458)	(2,420,413)
Interest received	308,839	392,802
Cash flow before changes in operating assets and liabilities	2,818,500	5,817,529
(Increase)/decrease in operating assets		
Balances held on restricted accounts	(242,460)	(4,450,853)
Change in trade and other receivables	186,875	(33,890)
Change in inventories	(124,969)	(7,097)
Change in prepayments	(89,336)	(36,182)
(Increase)/decrease in operating liabilities		
Amounts payable to operators	3,189,652	(1,972,946)
Deposited amounts from agents	(40,993)	(111,293)
Other liabilities	177,817	93,602
Net cash from/(used in) operating activities before income tax	5,875,086	(701,130)
Income tax paid	(900,897)	(719,761)
Interest paid	(25,231)	(85,682)
Net cash from/(used in) operating activities	4,948,958	(1,506,573)

Consolidated statement of cash flows (continued)

In thousand drams	Year ended 31 December 2023	Year ended 31 December 2022
Cash flows from investing activities		
Proceeds from sale of property, equipment and intangible assets	1,485	5,715
Purchase of property, equipment and intangible assets	(541,072)	(542,276)
Placement of deposit	(162,000)	(150,000)
Withdrawal of deposit	162,000	150,809
Borrowings provided	(83,563)	(142,000)
Repayment of borrowings provided	88,002	116,333
Net cash used in investing activities	(535,148)	(561,419)
Cash flows from financing activities		
Repayment of loans and borrowings	(2,618,563)	(1,222,503)
Payments on lease liabilities	(97,509)	(55,576)
Proceeds from issue of share capital	847,000	11,000
Net cash used in financing activities	(1,869,072)	(1,267,079)
Net increase/(decrease) in cash and cash equivalents	2,544,738	(3,335,071)
Cash and cash equivalents at the beginning of the year	5,508,989	9,283,107
Effect of ECL changes on cash and cash equivalents	(76,338)	-
Foreign exchange effect on cash and cash equivalents	(75,289)	(439,047)
Cash and cash equivalents at the end of the year (note 13)	7,902,100	5,508,989

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 12 to 42.

Notes to the consolidated financial statements

1 Nature of operations and general information

As of 31 December 2023 "TEL-CELL" CJSC (the "Company") and and its subsidiaries (together the "Group") are closed joint-stock and limited liability companies, according to the definition of the Civil Code of the Republic of Armenia. On April 2024, the Company was re-registered as an open joint-stock company. The Company was incorporated in 2007 in accordance with the legislation of the Republic of Armenia. On 24 July, 2007 the Company received a license to carry out money transfers, processing and clearing of payment instruments, and settlement documents with registration certificate No. 5 from the Central Bank of Armenia (the "CBA") and has permission to issue electronic money.

The Company's principal activities are:

- making money transfers,
- implementation of processing and clearing of payment instruments and settlement documents.

The Company's registered office is 3 Hakob Hakobyan Street (1st section of the main building, 3rd floor), Yerevan 0033, Republic of Armenia.

The Company conducts its operation through 12 branches (2022: 13) and over 4400 payment terminals in the Republic of Armenia.

The number of employees of the Company as of 31 December 2023 was 358 employees (2022: 352 employees).

Business environment

The Group's operations are primarily located in Armenia. Consequently, the Group is exposed to the economic and financial markets of Armenia which display characteristics of an emerging market. The changes in political and economic environment and the development of the legal, tax and legislative systems in Armenia have continuing nature. The legal, tax and regulatory frameworks are subject to varying interpretations which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Armenia. The stability and development of the Armenian economy largely depends on these changes. The government has brought a renewed commitment to good governance, including anticorruption efforts, transparency, and accountability.

The situation in the Republic of Armenia has intensified as a result of the war unleashed by the Republic of Azerbaijan in 2020. The consequences of the 44-day Artsakh War continue to have a significant impact on the country's overall economy. In 2023 the political situation in Armenia continues to remain relatively unstable. In September 2023 approximately 120,000 ethnic Armenians living in Artsakh were forcibly deported to Armenia, causing further economic and political upheavals. As a result of the unstable political situation, the permanent closure of international roads, and short-term ceasefire violations, it is difficult to clearly predict the economic impact on the Group's operations.

As a result of the war in Ukraine, many leading countries and economic unions have announced severe economic sanctions on Russia and Belarus, including Russian banks, other entities and individuals. Since the start of the war, there has been a significant volatility of the Russian ruble against foreign currencies, as well as significant loss of value on the securities markets in Russia and of Russian companies listed in other markets. The situation is still unfolding, but it has already resulted in a humanitarian crisis and huge economic losses in Ukraine, Russia and the rest of the world. The Russian Federation is a significant trading partner of Armenia, hence sanctions imposed on Russia, as well as the escalation of those sanctions had a radical effect on the economy and financial markets of the Republic of Armenia.

The conflict in Ukraine caused thousands of Russians and Ukrainians to relocate to the Republic of Armenia. This included not only individuals but also businesses that were established and operated in those countries. This resulted in increased inflows of foreign currency into the Armenian market, which has had positive impact on the Armenian economy with the resulting double-digit growth. The Group's management is monitoring the economic situation in the current environment. As the war is still waging, it is impossible to reliably assess the final impact this may have on the Group's business as there is uncertainty over the magnitude of the impact on the economy in general.

These consolidated financial statements do not reflect the potential future impact of the above on the Group's operations.

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). They have been prepared under the assumption that the Group operates on a going concern basis.

2.2 Basis of measurement

The consolidated financial statements have been prepared on accruals basis and under the historical cost convention with the exception of certain financial instruments that are stated at present discounted value of future cash flows or fair value.

2.3 Functional and presentation currency

The national currency of Armenia is the Armenian dram ("dram"), which is the Group's functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Group.

These consolidated financial statements are presented in Armenian drams, since management believes that this currency is more useful for the users of these consolidated financial statements. All financial information presented in Armenian drams has been rounded to the nearest thousand.

2.4 Use of estimates and judgment

The preparation of financial statements in conformity with IFRS requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the note 24 to the financial statements.

2.5 Adoption of new and revised standards

In the current year the Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2023.

The nature and the effect of these changes are disclosed below.

New and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2023

New standards and amendments described below and applied for the first time in 2023, did not have a material impact on the annual financial statements of the Group.

Standard	**Title of Standard or Interpretation**	
IFRS 17	*Amendments to IFRS 17 Insurance Contracts including the Extension of the Temporary Exemption from Applying IRFS 9 (Amendments to IFRS 4)*	*1 January 2023*
IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*	*1 January 2023*
IFRS 17	*Initial application of IFRS 17 and IFRS 9 – Comparative information (Amendment to IFRS 17)*	*1 January 2023*
IAS 8	*Definition of Accounting Estimates (Amendments to IAS 8)*	*1 January 2023*
IAS 1	*Disclosure of Accounting Policies (Amendments to IAS 1 and Practice Statement 2)*	*1 January 2023*
IAS 12	*International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)*	*1 January 2023*
IFRS for SMEs	*International Tax Reform – Pillar Two Model Rules (Amendments to the IFRS for SMEs Standard)*	*1 January 2023*

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning on or after the effective date of the pronouncement.

Management does not anticipate a material impact on the Group's consolidated financial statements from these Standards and Amendments. They are presented below:

Standard	**Title of Standard or Interpretation**	**Effective for reporting periods beginning on or after**
IAS 1	*Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*	*1 January 2024*
IFRS 16	*Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*	*1 January 2024*
IAS 1	*Non-current Liabilities with Covenants (Amendments to IAS 1)*	*1 January 2024*
IAS 7 and IFRS 7	*Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)*	*1 January 2024*
IAS 21	*Lack of Exchangeability (Amendments to IAS 21)*	*1 January 2025*

2.6 Subsidiaries

The consolidated financial statements include the following subsidiaries:

	Ownership %	Country	Date of incorporation	Industry	Date of acquisition
"Tel-Cell Logistics" LLC	100	Republic of Armenia	13.06.2023	The principal activity of the Company is the provision of transportation services.	13.06.2023
"Tel-Cell Service" LLC	100	Republic of Armenia	29.08.2007	The principal activity of the Company is the provision of advertising space on payment terminals and the provision of terminal maintenance services.	06.12.2012
"Mega Pantera" LLC	50	Republic of Armenia	30.01.2007	The Company's activities have been suspended since 2016.	27.12.2011

On May 26, 2023, by the decision of the extraordinary general meeting of shareholders, a limited liability company named "Tel-Cell Logistics" was established, the purpose of which is to obtain profit through economic activity. At the same time, the charter of 'Tel-Sel Logistics' LLC was approved and the size of the charter capital was set at 100,000 AMD, divided into 100 shares, each with a nominal value of 1,000 AMD.

3 Summary of material accounting policies

3.1 Basis of consolidation

The Group’s financial statements consolidate those of the parent company and all its subsidiaries as of 31 December 2023. All subsidiaries have a reporting date of 31 December.

All transactions and balances between companies are eliminated on consolidation, including unrealized gains and losses on transactions between the Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

3.2 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

3.3 Foreign currencies

Foreign currency transactions

In preparing the consolidated financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the Central Bank of Armenia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Armenia prevailing on the reporting date, which are as follows:

	As of 31 December 2023	As of 31 December 2022
AMD/1 US Dollar	404.79	393.57
AMD/1 EUR	447.90	420.06
AMD/1 RUB	4.50	5.59

Non-monetary items are not retranslated and are measured at historic cost (translated using the exchange rates at the transaction date), except for non-monetary items carried at fair value that are denominated in foreign currencies which are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

3.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs. When an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Expenditure to replace a component of an item of property and equipment that is accounted for separately is capitalized with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in profit or loss as incurred.

Depreciation is charged to profit or loss or is added to the cost of other asset on a straight line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives are as follows:

Computer equipment	- 1 years
Machinery and terminals	- 8 years
Vehicles	- 8 years.
Office property	- 8 years.
Other property and equipment	- 8 years
Leasehold improvements (real estate)	- 20 years.

3.5 Intangible assets

Intangible assets, which are acquired by the Group and which have finite useful lives, are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to profit or loss or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the intangible assets, which is estimated at 10 years for computer software and 1 year for licenses.

3.6 Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if any events or changes in circumstances indicate a possible impairment of the carrying amount.

Impairment loss on goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Impairment of property and equipment and intangible assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of net selling price and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case any reversal of impairment loss is treated as a revaluation increase.

3.8 Leased assets

The Group as a lessee

The Group makes the use of leasing arrangements principally for the head office space and branches. The lease contract are typically negotiated for terms of between 1-5 years and all of these have extension terms.

The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

Group as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

3.9 Inventories

Inventories are assets held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Items such as spare parts, stand-by equipment and servicing equipment are also recognized as inventories unless they meet the definition of property and equipment.

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.10 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a part to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the Group's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items. A summary of the Group's financial assets by category is given in note 25.2.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

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

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group’s cash and cash equivalents, trade and receivables and most of other receivables fall into this category of financial.

Impairment of financial assets

IFRS 9’s impairment requirements use more forward-looking information to recognize expected credit losses – the "expected credit loss (ECL) model". Instruments within the scope of the IFRS 9 requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognized for the first category while "lifetime expected credit losses" are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to note 26 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank accounts and cash in transit and in own terminals.

For the purpose of the statement of cash flows, cash equivalents are on-demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Group classifies investments as a cash equivalent if it is readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value.

Classification and measurement of financial liabilities

The Group's financial liabilities include loans and borrowings, trade and other payables, finance lease liabilities. The Group's financial liabilities by category are disclosed in note 25.2.

Loans and borrowings

Loans and borrowings are recognized initially at fair value, net of issuance costs associated with the borrowing. The difference between fair value and nominal value is recognized in profit or loss, except when the borrowing was received from the owners. In this instance the difference between fair value and nominal value is recognized in equity as additional capital. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any difference between cost and redemption value recognized in profit or loss over the period of the borrowings on an effective interest basis. Interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance expenses, except for the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are capitalized as part of that asset.

Trade and other payables

Trade and other payables are stated at fair value and subsequently stated at amortized cost.

Finance lease liabilities

Finance lease liabilities are stated at amortised cost.

3.11 Equity

Equity instruments issued by the Company are recorded at nominal value.

Share capital

Share capital represents the nominal value of shares that have been issued.

Ordinary shares are both classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess of the fair value of consideration received over the par value of shares issued is recognised as additional paid-in capital.

Reserve capital

The reserve capital is created in accordance with the requirements of RA legislation in order to cover general credit risks, including possible losses and other unforeseen risks and expenses. The reserve was created in accordance with the Company's charter, which provides for the creation of a reserve for these purposes in the amount of not less than 15% of the share capital reflected in the accounting accounts.

Retained earnings

Retained earnings comprises the accumulated profit of current and prior periods.

Dividends

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial statements are authorised for issue.

3.12 Non-controlling interest

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.13 Provisions

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.14 Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally 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 Group 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.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

3.15 Employee benefits

Short-term employee benefits are benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services and include:

(a) wages, salaries and bonuses;

(b) paid annual leaves and paid disability leaves;

When employees render services to the Group during the accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Group shall recognize that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

(b) as an expense, unless the amount is included in the cost of an asset.

Paid absences

The expected cost of short-term employee benefits in the form of paid absences is recognized as follows:

(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences.

(b) in the case of non-accumulating paid absences, when the absences occur.

Bonuses

The expected cost of bonus payments is recognized when and only when the Group has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

A present obligation exists when, and only when, the Group has no realistic alternative but to make the payments.

3.16 Revenue

The Group generates revenue primarily from the collection of payments from end users on behalf of service providers (“Operators”) and from other payment services provided.

To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers in the statement of financial position (see note 17). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Payment collection, money transfer services	Performance obligations for payment collection and money transfer services are satisfied when the Company accepts payments from end customers of the Operators, accepts requests for transfers and provides cash. Acts for payment collection, or money transfer services are issued on a monthly basis and are usually payable within 30 days.	Revenue from collection, money transfer services primarily consists of monthly charges for usage of services and is recognized over time as the services are provided. Measure of progress is based on volume of cash collected, and money transferred.
Maintenance and advertising services	Invoices for maintenance and advertising services are issued on a monthly basis and are usually payable within 30 days.	Revenue from maintenance services primarily consists of monthly fixed charges for usage of services and is recognized over time as the services are provided using time elapsed measure of progress.

4 Property and equipment

In thousand drams	Computer equipment, machinery and terminals	Vehicles	Office property	Other property and equipment	Leasehold improve-ments	Total
Cost						
as of 1 January 2022	1,403,771	31,793	120,146	19,620	224,477	1,799,807
Additions	207,699	3,306	34,773	474	23,073	269,325
Disposals	(46,898)	(452)	(12,058)	(2,448)	-	(61,856)
as of 31 December 2022	1,564,572	34,647	142,861	17,646	247,550	2,007,276
Additions	251,413	4,593	20,332	3,394	54,295	334,027
Disposals	(6,895)	-	(4,273)	(60)	-	(11,228)
as of 31 December 2023	1,809,090	39,240	158,920	20,980	301,845	2,330,075
Accumulated depreciation						
as of 1 January 2022	836,548	13,235	70,087	13,902	36,646	970,418
Charge for the year	145,623	4,353	11,886	901	19,507	182,270
Disposal	(30,698)	(452)	(11,938)	(2,448)	-	(45,536)
as of 31 December 2022	951,473	17,136	70,035	12,355	56,153	1,107,152
Charge for the year	149,895	5,679	15,004	2,642	22,529	195,749
Disposal	(6,089)	-	(3,594)	(60)	-	(9,743)
Reclassification	75	(75)	-	-	-	-
as of 31 December 2023	1,095,354	22,740	81,445	14,937	78,682	1,293,158
Carrying amount						
as of 31 December 2022	613,099	17,511	72,826	5,291	191,397	900,124
as of 31 December 2023	713,736	16,500	77,475	6,043	223,163	1,036,917

As of 31 December 2023 fixed assets included fully depreciated assets in the cost of AMD 485,669 thousand (2022: AMD 349,813 thousand).

As of 31 December 2023 332 pieces of payment processing equipment with a carrying amount of AMD 188,291 thousand (2022: AMD 195,417 thousand) are pledged as collateral for a guarantee received from 1 bank, which is due to be repaid by 30.09.2024. (refer to note 17).

5 Intangible assets

In thousand drams	Computer software	Licenses	Terminal installation permission	Total
Cost				
as of 1 January 2022	280,282	33,073	375,000	688,355
Additions	230,377	1,890	-	232,267
Disposals	(96)	-	-	(96)
as of 31 December 2022	510,563	34,963	375,000	920,526
Additions	129,871	34,228	-	164,099
Reclassification	(7,889)	7,889	-	-
as of 31 December 2023	632,545	77,080	375,000	1,084,625
Accumulated amortization				
as of 1 January 2022	104,621	18,004	125,000	247,625
Charge for the year	44,084	1,905	125,000	170,989
as of 31 December 2022	148,705	19,909	250,000	418,614
Charge for the year	60,621	3,920	125,000	189,541
Reclassification	(1,976)	1,976	-	-
as of 31 December 2023	207,350	25,805	375,000	608,155
Carrying amount				
as of 31 December 2022	361,858	15,054	125,000	501,912
as of 31 December 2023	425,195	51,275	-	476,470

As of 31 December 2023 intangible assets included fully depreciated assets in the cost of AMD 89,929 thousand (2022: AMD 74,774 thousand).

As of 31 December 2023 and 31 December 2022 the Group has not possessed intangible assets pledged as security for liabilities or whose title is otherwise restricted.

6 Goodwill

In thousand drams	As of 31 December 2023	As of 31 December 2022
Goodwill on the acquisition of "Mega Pantera" LLC	1,077,950	1,077,950
Goodwill on acquisition of "Tel-Cell Service" LLC	79,750	79,750
Balance at the end of year	1,157,700	1,157,700

Impairment test for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group’s total operations. There is no lower level of CGU within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of this CGU was based on its value in use, determined by discounting future cash flows to be generated from the continuing operations of the Group. The recoverable amount of the CGU was determined to be higher than its carrying amount and no impairment loss was recognised.

Key assumptions used in discounted cash flow projections

The key assumptions used in the estimation of value in use are discount rates, and EBITDA margins.

Budgeted EBITDA

The projected EBITDA margin levels for forecast horizon were in line with historical values. Given the dynamics of the business and industry specifics, the growth rate of EBITDA margin in the first projection period is supported by historical levels and the Company's budget for 2024, followed by the growth in line with RA inflation forecast of IMF as at analysis date for the proceeding years from 2025-2028.

Sensitivity to changes in assumptions

A reasonably possible change in the discount rate would not result in impairment.

7 Right-of-use assets

In thousand drams	Right-of-use assets	Total
Cost		
as of 1 January 2022	427,022	427,022
Additions	14,235	14,235
Remeasurement	63,713	63,713
As of 31 December 2022	504,970	504,970
Additions	19,548	19,548
Remeasurement	23,398	23,398
As of 31 December 2023	547,916	547,916
Accumulated depreciation		
as of 1 January 2022	145,903	145,903
Charge for the year	64,719	64,719
as of 31 December 2022	210,622	210,622
Charge for the year	73,009	73,009
As of 31 December 2023	283,631	283,631
Carrying amount		
as of 31 December 2022	294,348	294,348
As of 31 December 2023	264,285	264,285

8 Deferred income taxes

The movement of deferred income taxes is disclosed below:

In thousand drams	Year ended 31 December 2023	Year ended 31 December 2022
Balance at the beginning of year	62,177	54,735
Credited to profit or loss (refer to note 22)	1,703	7,442
Balance at the end of year	63,880	62,177

Deferred income taxes for the year ended 31 December 2023 can be summarized as follows:

In thousand drams	As of 1 January 2023		As of 31 December 2023	
	Net balance	Recognized in profit or loss	Net balance	Deferred income tax assets
Property and equipment	5,755	(185)	5,570	5,570
Trade and other receivables	10,201	123	10,324	10,324
Cash and cash equivalents	-	1,816	1,816	1,816
Trade and other payables	40,140	1,246	41,386	41,386
Lease liabilities	6,081	(3,406)	2,675	2,675
Tax loss carried forward	-	2,109	2,109	2,109
Total deferred income tax assets	62,177	1,703	63,880	63,880

Deferred income taxes for the year ended 31 December 2022 can be summarized as follows:

In thousand drams	As of 1 January 2022		As of 31 December 2022	
	Net balance	Recognized in profit or loss	Net balance	Deferred income tax assets
Property and equipment	11,724	(5,969)	5,755	5,755
Borrowings provided	2,869	(2,869)	-	-
Trade and other receivables	14,288	(4,087)	10,201	10,201
Trade and other payables	21,780	18,360	40,140	40,140
Lease liabilities	4,074	2,007	6,081	6,081
Total deferred income tax assets	54,735	7,442	62,177	62,177

9 Inventories

In thousand drams	As of 31 December 2023	As of 31 December 2022
Spare parts	108,960	94,764
Validating equipment	71,458	-
Other	92,551	53,236
	272,969	148,000

10 Borrowings provided

In thousand drams	As of 31 December 2023	As of 31 December 2022
Non-current assets		
Loans to RA credit organizations	200,000	200,000
Borrowings to third parties	5,785	5,000
	205,785	205,000
Current assets		
Borrowings to third parties	37,159	38,483
Borrowings to related parties	1,000	4,900
	38,159	43,383
	243,944	248,383

Some of the loans provided are interest-free. Borrowings were discounted at market rates, resulting in fair value presented in note 27. As of 31 December 2023 and 31 December 2022, the estimated fair value of borrowings provided approximates it carrying value.

Expected credit losses on borrowings provided round to zero, therefore are not disclosed in this table.

11 Deposits in banks

In thousand drams	As of 31 December 2023	As of 31 December 2022
Deposits in banks	155,359	155,359
	155,359	155,359

As of 31 December 2023 the deposit is placed in one bank (2022: placed in one bank) and is subject to repayment by 21.07.2024, but according to the deposit agreements, the Company has the right to receive the deposit back before the end of the term by submitting an appropriate application to the bank and the accrued interest on the deposit is subject to recalculation at 0% interest rate.

Deposits are placed in AMD (2022: AMD).

As of 31 December 2023, the nominal interest rate of AMD deposit was 8% (2022: 8%).

Expected credit losses on deposits in banks round to zero, therefore are not disclosed in this table.

12 Trade and other receivables

In thousand drams	As of 31 December 2023	As of 31 December 2022
Financial assets		
Commissions receivable	258,510	505,116
Receivables from money transfers	433,275	111,563
Trade receivables from other services	255,728	174,594
Allowance for expected credit losses	(57,355)	(53,909)
	890,158	737,364
Non-financial assets		
Prepayments given	236,715	241,074
Other receivables	2,598	3,176
	239,313	244,250
Trade and other receivables	1,129,471	981,614

All amounts are short-term. The net carrying amount of trade receivables is considered a reasonable approximation of fair value.

No interest is charged on the trade receivables.

The movement in allowance for impairment losses on trade and other receivables is as follows:

In thousand Armenian drams	Year ended 31 December 2023	Year ended 31 December 2022
	12-month expected credit losses	12-month expected credit losses
Balance as of 1 January	53,909	68,956
Net remeasurement of loss allowance	(88,506)	38,164
Recovery/(write-off) of receivables during the year	91,952	(53,211)
Balance as of 31 December	57,355	53,909

Note 26 (b) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

Refer to note 26 (a) for the currencies in which the trade and other receivables are denominated.

13 Cash and cash equivalents and balances held on restricted accounts

In thousand drams	As of 31 December 2023	As of 31 December 2022
Bank balances	1,157,420	1,082,527
Cash in terminals	2,267,474	1,924,329
Cash on hand	3,062,505	1,630,899
Cash in transit	1,418,516	871,234
Allowance for expected credit losses	(3,815)	-
Cash and cash equivalents	7,902,100	5,508,989
Balances held on restricted accounts	5,965,525	5,716,791
Allowance for expected credit losses	(6,274)	-
	5,959,251	5,716,791
Cash and cash equivalents and balances held on restricted accounts	13,861,351	11,225,780

Balances held on restricted accounts represent special accounts in banks. At each moment the balance in this accounts should not be less than total collections amount of previous day. The balances on these accounts can only be used for fulfillment of payments under collection services (refer to note 17).

The movement in allowance for expected credit losses on cash and cash equivalents and balances held on restricted accounts is as follows:

In thousand Armenian drams	Year ended 31 December 2023	Year ended 31 December 2022
	12-month expected credit losses	12-month expected credit losses
Balance as of 1 January	-	-
Net remeasurement of loss allowance	76,338	-
Net write-off of receivables during the year	(66,249)	-
Balance as of 31 December	10,089	-

Note 26 (b) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. The comparative impairment provisions apply the IFRS 9 expected loss model.

Cash in transit represents the amounts collected by the Company's employee collectors, other collection organizations and agents from terminals and the Company's branches, which have been deposited into bank accounts, but have not yet been recorded by the banks.

Exposure to currency and credit risk of cash and cash equivalents and balances held on restricted accounts is presented in note 26.

14 Capital and reserves

14.1 Share capital

As of 31 December 2023 the Company’s registered and paid-in share capital was AMD 1,078,000 thousand. In accordance with the Company’s statues, the share capital consists of 220,000 ordinary shares. All shares have a nominal value of AMD 4,900.

The respective shareholdings as of 31 December 2023 and 2022 may be specified as follows:

In thousand Armenian drams	As of 31 December 2023		As of 31 December 2022	
	Paid-in share capital	% of total paid-in capital	Paid-in share capital	% of total paid-in capital
Lendasy Trading ltd	606,698	56.28	130,007	56.28
Sargsyan Tigran Suren	194,040	18.00	41,580	18.00
Badalyan Aramayis Nerses	161,700	15.00	34,650	15.00
Avetisyan Tatevik Artashes	62,632	5.81	13,421	5.81
Sargsyan Aram Norik	52,930	4.91	11,342	4.91
	1,078,000	100	231,000	100

In 2023 the shareholders of the Company increased its share capital by issuing ordinary shares of AMD 847,000 thousand (2022: ordinary shares of AMD 11,000 thousand).

As of 31 December 2023, the Company did not possess any of its own shares.

The holders of ordinary shares have equal rights to the residual assets of the Company.

14.2 Dividends

On 27 June 2023 the Company declared dividends of AMD 3,391,579 thousand (2022: AMD 2,000,000 thousand), of which dividends amounting AMD 3,317,439 thousand were converted into loans and borrowings after tax deductions (2022: AMD 1,956,280 thousand).

14.3 Reserve capital

Distributable among shareholders Company's reserves equal the amount of accumulated profit. Non-distributable reserves are represented by a reserve fund, which is created as required by the statutory regulations, in respect of general risks, including future losses and other unforeseen risks or contingencies.

15 Loans and borrowings

In thousand drams

Non-current liabilities	As of 31 December 2023	As of 31 December 2022
Unsecured borrowings from related parties	2,099,720	1,326,704
	2,099,720	1,326,704

The Group has general loan agreement with the bank under which receives loans and guarantees. Balance of bank loan as of 31 December 2023 and 31 December 2022 is nil and balance of guarantee received from the bank is AMD 150,000 thousand as of 31 December 2023 (2022: AMD 150,000 thousand). Processing equipment with carrying amount of AMD 188,291 thousand (31 December 2022: AMD 195,417 thousand) is pledged as collateral under this agreement (note 4).

Unsecured borrowings from related parties have an average interest rate of 10% per annum (2022: 11% interest rate).

Received loans and borrowings are subject to repayment in 2027-2028.

The Group has not had any defaults of principal, interest or other breaches with respect to its liabilities during the period (2022: nil).

The fair value of loans and borrowings is equal to their carrying amount, as the effect of discounting is not material (refer to note 27).

Refer to note 26 for disclosure of interest rate and foreign currency exposures on loans and borrowings.

16 Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

In thousand drams	As of 31 December 2023	As of 31 December 2022
Current	73,281	65,374
Non-current	205,866	262,757
	279,147	328,131

The Group has leases for the head office and branches. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability. The Group's leases does not include variable lease payments. The Group classifies its right-of-use assets in a consistent manner to its property and equipment (refer to note 4).

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2023 were as follows:

In thousand drams	Minimum lease payments	
	As of 31 December 2023	As of 31 December 2022
Within one year		
Lease payments	97,408	90,976
Finance charges	(26,804)	(30,656)
	70,604	60,320
In second to fifth years inclusive		
Lease payments	243,556	326,021
Finance charges	(35,013)	(58,210)
	208,543	267,811
Net present value	279,147	328,131

As of 31 December 2023 the total outflow of cash from the lease amounted to AMD 97,509 thousand (2022: AMD 55,576 thousand).

Lease payments not recognized as a liability

The Group has elected not to recognize a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

In thousand drams	Year ended 31 December 2023	Year ended 31 December 2022
Leases of low value assets	615,985	477,655
	615,985	477,655

As of 31 December 2023 and 31 December 2022 the Group has future obligations for short-term leases, and the total amount of these obligations is AMD 7,948 thousand (2022: AMD 7,681 thousand)

17 Trade and other payables

In thousand drams	As of 31 December 2023	As of 31 December 2022
Amounts payable to operators	10,477,232	7,035,111
Amounts payable to agents	325,813	510,937
Other trade payables	427,587	398,012
Deposited amounts from agents	286,102	327,095
Amounts payable to employees	256,066	239,008
Total trade payables	11,772,800	8,510,163
Prepayments received	650,214	467,777
Amounts payable on appeal	2,556	9,017
Amounts payable to state budget	40,880	39,039
Total other payables	693,650	515,833
Total trade and other payables	12,466,450	9,025,996
Current	12,384,382	8,839,844
Non-current	82,068	186,152

Payables to operators represent collections made on behalf of the operators and not transferred as at reporting date.

No interest is charged on the trade payables. The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe (note 13). The Group also has a signed guarantee contract, according to which the timely, proper and full performance of the assumed payment obligations is secured by a bank guarantee in the amount of AMD 150,000 thousand (note 17).

Refer to note 26 for more information about the Group's exposure to foreign currency and liquidity risk.

18 Revenue

In thousand drams	Year ended 31 December 2023	Year ended 31 December 2022
Commission from collections	9,024,884	11,632,160
Commissions from bank card replenishment	355,766	223,772
Commissions from e-wallet top-up	84,840	352,244
Revenue from advertising and agent's terminal maintenance services	285,585	344,879
Commissions from money transfers	21,863	49,034
Other revenue	73,923	109,332
	9,846,861	12,711,421

19 Other income

In thousand drams	Year ended 31 December 2023	Year ended 31 December 2022
Net income from trading in foreign currency	1,026,154	1,222,421
Fines and penalties	42,788	22,299
Net income from sale of inventories	6,335	12,384
Gain from disposal of property and equipment	1,040	4,977
Other	10,025	91,683
	1,086,342	1,353,764

20 Other expenses

In thousand drams	Year ended 31 December 2023	Year ended 31 December 2022
Commissions to banks	102,676	94,282
Transportation	75,075	71,635
Utility and communication	61,133	57,240
Insurance	79,175	54,787
Customer acquisition costs	21,422	45,774
Office supplies	25,883	31,999
Customer service	31,870	37,406
Professional services	40,138	28,841
Business trip and representative expenses	76,160	41,909
Sale of other inventories	14,606	22,876
Donations	7,475	19,994
Security	21,990	19,736
Taxes other than income tax, duties	11,467	14,923
Processing system maintenance	-	5,426
Fines paid	3,109	2,640
Other	62,961	61,995
	635,140	611,463

21 Finance income and costs

In thousand drams	Year ended 31 December 2023	Year ended 31 December 2022
Net foreign exchange loss	70,210	489,211
Interest expenses on loans and borrowings	25,231	93,607
Interest expenses on lease	33,360	33,162
Total finance costs	128,801	615,980
Interest income on bank accounts	281,839	366,362
Interest income on borrowings provided	27,000	26,442
Total finance income	308,839	392,804
Net finance income/(costs)	180,038	(223,176)

22 Income tax expense

In thousand drams	Year ended 31 December 2023	Year ended 31 December 2022
Current tax	506,534	956,916
Adjustments recognized in the current year in relation to the current tax of the prior years	-	35,082
Deferred tax (refer to note 8)	(1,703)	(7,442)
	504,831	984,556

Reconciliation of the effective tax rate is as follows:

In thousand drams	Year ended 31 December 2023	Effective tax rate (%)	Year ended 31 December 2022	Effective tax rate (%)
Profit before taxation (under IFRSs)	2,355,572		4,500,206	
Tax calculated at a tax rate of 18%	424,003	18	803,641	18
Non-deductible items	80,828	3	145,833	1
Adjustments recognized in the current year in relation to the current tax of prior years	-	-	35,082	3
Income tax expense	504,831	21	984,556	22

23 Subsequent events

On 25 December 2023 the meeting of the Company's shareholders decided to establish Tel-Cell Open Joint Stock Company through the reorganization of the Company.

On 20 March 2024, the Company received a license from the CBA to operate under the name "Tel-Cell" OJSC.

On 18 April 2024, the Agency for the State Register of Legal Entities of the Ministry of Justice of the Republic of Armenia registered the new charter of the Company under the name of "Tel-Cell" OJSC.

24 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

24.1 Critical accounting estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of property and equipment

At each reporting date the Group estimates the indicators for impairment of assets. The Group calculates the recoverable amount if the impairment indicators are available. Recoverable amount is the higher of net selling price and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

In assessing whether there is any indication that an asset may be impaired, management makes certain estimations, including particularly the reason, timing and amount of impairment. Impairment depends on certain factors, including particularly technological changes (that can have an impact on the carrying amount of intangible assets) failure to continue providing services (which may result to termination of the license and consequently impairment of intangible assets).

Measurement of fair values

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (refer to note 27).

Related party transactions

In the normal course of business the Group enters into transactions with its related parties. These transactions are priced predominantly at market rates. Judgment is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgment is pricing for similar types of transactions with unrelated parties and effective interest rate analysis.

25 Financial instruments

25.1 Material accounting policies

Details of the material accounting policies and methods adopted, including the criteria for recognition and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the note 3.10.

25.2 Categories of financial instruments

The carrying amounts of financial assets and liabilities are as follows:

Financial assets

In thousand drams	As of 31 December 2023	As of 31 December 2022
Financial assets at amortised cost		
Borrowings provided	243,944	248,383
Deposits in banks	155,359	155,359
Trade and other receivables	890,158	737,364
Cash and cash equivalents	7,902,100	5,508,989
Balances held on restricted accounts	5,959,251	5,716,791
	15,150,812	12,366,886

Financial liabilities

In thousand drams	As of 31 December 2023	As of 31 December 2022
Financial liabilities at amortised cost:		
Loans and borrowings	2,099,720	1,326,704
Lease liabilities	279,147	328,131
Trade and other payables	11,772,800	8,510,163
	14,151,667	10,164,998

26 Financial risk management

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Financial risk factors

a) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates and foreign exchange rates.

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from its operating activities.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below.

Item	US dollar	Euro	Other
Financial assets			
Trade and other receivables	-	11,928	425,756
Cash and cash equivalents	2,420	1,728	137,191
Balances held on restricted accounts	40,789	-	158,961
	43,209	13,656	721,908
Financial liabilities			
Trade and other payables	831	-	90,266
	831	-	90,266
Net result	42,378	13,656	631,642
Total financial assets	69,954	14,199	805,802
Total financial liabilities	828	-	114,730
Net position as of 31 December 2022	69,126	14,199	691,072

The following table details the Group's sensitivity to a 10% (2022: 10%) increase and decrease in dram against US dollar, Euro and Ruble. 10% (2022: 10%) represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2022: 10%) change in foreign currency rates.

In thousand drams	US dollar impact		Euro impact		Ruble impact	
	2023	2022	2023	2022	2023	2022
Profit or loss	4,238	6,913	1,366	1,420	63,164	69,107
Equity	4,238	6,913	1,366	1,420	63,164	69,107

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will directly affect the cash flow and fair value of the Group's financial instruments.

The Group's sensitivity to an increase in interest rates is primarily depends on a possible change in the interest rate set by the loan agreement. The Group has assessed the sensitivity of the statement of comprehensive income to reasonably possible changes in interest rates, leaving other variables constant.

The impact of assumed changes in interest rates on net interest income on variable interest financial liabilities in the balance sheet as of 31 December 2022 and 31 December 2023 is estimated to be insignificant.

b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from financial assets, including cash and cash equivalents held at banks, borrowings provided and trade and other receivables.

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions.

The Group continuously monitors the credit quality of customers. Where available, external credit ratings and/or reports on customers are obtained and used. The Group's policy is to deal only with credit worthy counterparties. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

The Group does not hold any security on the trade receivables balance.

Trade receivables

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

The expected loss rates are based on the payment profile for sales before 31 December 2023 and 1 January 2023 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

c) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Group maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group.

The liquidity management of the Group requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring balance sheet liquidity ratios against regulatory requirements. The Group calculates liquidity ratios in accordance with the requirement of the Central Bank of Armenia i.e. the ratio between high liquid assets and liabilities of payment and settlement organizations issuing electronic money should be 100%.

As of 31 December 2023, the Company maintained the liquidity ratio defined by the Central Bank of Armenia.

As of 31 December the indicators are as follows:

In thousand drams	Unaudited	
	As of 31 December 2023, %	As of 31 December 2022, %
Highly liquid assets/ liabilities	112	119

Analysis of financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Group's financial liabilities at 31 December 2023 based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately.

In thousand drams	As of 31 December 2023				
	Less than 1 month	From 1 to 12 months	From 1 to 5 years	More than 5 years	Total
Loans and borrowings	-	-	3,072,807	-	3,072,807
Lease liabilities	8,406	89,002	243,557	-	340,965
Trade payables	11,486,698	204,032	82,070	-	11,772,800
	11,495,104	293,034	3,398,434	-	15,186,572

In thousand drams	As of 31 December 2022				
	Less than 1 month	From 1 to 12 months	From 1 to 5 years	More than 5 years	Total
Loans and borrowings	-	-	1,959,015	-	1,959,015
Lease liabilities	7,914	83,062	310,397	-	401,373
Trade payables	8,182,868	141,143	186,152	-	8,510,163
	8,190,782	224,205	2,455,564	-	10,870,551

27 Fair value measurement

The Group provides an analysis of its assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. These Levels are described below:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

27.1 Fair value measurement of financial instruments

The following table shows the Levels within the hierarchy of financial assets and financial liabilities measured at fair value on a recurring basis as of 31 December 2023 and 31 December 2022:

In thousand Armenian drams	As of 31 December 2023				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Borrowings provided	-	240,104	-	240,104	243,944
Deposits in banks	-	155,359	-	155,359	155,359
Trade and other receivables	-	890,158	-	890,158	890,158
Cash and cash equivalents	-	7,902,100	-	7,902,100	7,902,100
Balances held on restricted accounts	-	5,959,251	-	5,959,251	5,959,251
Financial liabilities					
Loans and borrowings	-	2,099,720	-	2,099,720	2,099,720
Lease liabilities	-	279,147	-	279,147	279,147
Trade payables	-	11,772,800	-	11,772,800	11,772,800

In thousand Armenian drams	As of 31 December 2022				
	Level 1	Level 2	Level 3	Total fair values	Total carrying amount
Financial assets					
Borrowings provided	-	243,108	-	243,108	248,383
Deposits in banks	-	155,359	-	155,359	155,359
Trade and other receivables	-	737,364	-	737,364	737,364
Cash and cash equivalents	-	5,508,989	-	5,508,989	5,508,989
Balances held on restricted accounts	-	5,716,791	-	5,716,791	5,716,791
Financial liabilities					
Loans and borrowings	-	1,326,704	-	1,326,704	1,326,704
Lease liabilities	-	328,131	-	328,131	328,131
Trade payables	-	8,510,163	-	8,510,163	8,510,163

Trade and other receivables and payables

The fair value of trade and other receivables and payables is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of amounts on demand is the amount payable at the reporting date.

Cash and cash equivalents

Cash and cash equivalents are carried at amortised cost. Carrying amount of cash and cash equivalents is close to their fair value.

28 Capital adequacy

The Group manages its capital to ensure that it will be able to continue as a going concern and to provide sufficient return to shareholders.

The Company maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Company's capital is monitored using, among other measures, the rules and ratios adopted by the Central Bank of Armenia.

The Central Bank of Armenia has set economic normative of the minimum size of total capital for payment companies to be AMD 100,000 thousand.

There has been no change in goals, policies and processes compared to previous years.

Regulatory capital consists of Tier 1 capital, which comprises charter capital (moreover, part of the charter capital, which is replenished by intangible assets, participates in the calculation of the regulatory capital in the amount of 25% of the minimum amount of AMD 100,000 thousand), retained earnings including current year profit.

As of 31 December 2023, and 2022 the amount of regulatory capital calculated in accordance with the requirements of Central Bank of Armenia are provided below:

	Unaudited	
In thousand Armenian drams	As of 31 December 2023	As of 31 December 2022
Tier 1 capital	2,488,588	337,133
Tier 2 capital	-	-
Total regulatory capital	2,488,588	337,133

29 Commitments

29.1 Tax and legal matters

The taxation system in Armenia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. Taxes are subject to review and investigation by tax authorities, which have the authority to impose fines and penalties. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once three years have elapsed from the date of the breach.

These circumstances may create tax risks in Armenia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Armenian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Management believes that the Group has complied with all regulations and has completely settled all its tax liabilities.

There were no legal actions and complaints taken against the group. Therefore, the Group has not made any respective provision related to such tax and legal matters.

30 Contingencies

30.1 Insurance

The Armenian insurance industry is in its development stage and many forms of insurance protection common in other parts of the world are not yet generally available in Armenia. The Group does not have full coverage for its plant facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on the Group property or relating to the Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets or environmental damage could have a materially adverse effect on the Group's operations and financial position.

30.2 Environmental matters

Management is of the opinion that the Group has met the Government's requirements concerning environmental matters and, therefore, believes that the Group does not have any current material environmental liabilities. However, environmental legislation in Armenia is in process of development and potential changes in the legislation and its interpretation may give rise to material liabilities in the future.

31 Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

In thousand drams	Loans and borrowings	Lease liabilities	Total
as of 1 January 2022			
Proceeds	589,849	298,927	888,776
Repayments	-	77,948	77,948
Proceeds on dividends	(1,222,503)	(55,576)	(1,278,079)
Other	1,956,280	-	1,956,280
as of 31 December 2022	3,078	6,832	9,910
Cash-flows	1,326,704	328,131	1,654,835
Proceeds	-	42,946	42,946
Repayments	(2,618,563)	(97,509)	(2,716,072)
Proceeds on dividends	3,317,439	-	3,317,439
Other	74,140	5,579	79,719
As of 31 December 2023	2,099,720	279,147	2,378,867

32 Related parties

The Group's related parties include its parent, entities under common control and key management.

32.1 Control relationships

The Company's immediate and ultimate parent company is Lendasy Trading ltd. incorporated in Cyprus, which is ultimately controlled by a single individual Rami (Evgeny) Treyster.

32.2 Transactions with related parties

During the reporting year the Group had the following transactions with the related parties and as of the reporting date had the following outstanding balances.

In thousand drams

Transactions	Year ended 31 December 2023	Year ended 31 December 2022
Parent		
Interest expense	39,256	93,607

In thousand drams Outstanding balances	As of 31 December 2023	As of 31 December 2022
Parent		
Borrowings provided	1,000	4,900
Borrowings received	2,099,720	1,326,704

32.3 Transactions with management and close family members

Directors of the Group and their close family members as of 31 December 2023 and 31 December 2022 had no significant shares in "TEL-CELL" CJSC.

Key management received the following remuneration during the year, which is included in staff costs.

In thousand drams	Year ended 31 December 2023	Year ended 31 December 2022
Salaries and bonuses	104,404	275,909
	104,404	275,909