

**Kamar Business Center CJSC**

**International Financial Reporting Standards  
Financial Statements and  
Independent Auditor's Report**

**31 December 2024**

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Independent Auditor's report

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## Independent Auditor's Report

To Shareholders of Kamar Business Center CJSC:

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### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kamar Business Center CJSC (the "Company") as at 31 December 2024, and the Company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

### What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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### 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 financial statements section of our report.

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

### Independence

We are independent of the Company in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

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

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



### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Nino Kadagishvili  
Director

30 June, 2025

Yerevan, Republic of Armenia

*PricewaterhouseCoopers Armenia LLC*

**Kamar Business Center CJSC**  
**Statement of Financial Position**

<i>In thousands of Armenian Drams</i>	<b>Note</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	8	18,257,034	17,502,230
Property and equipment	7	70,043	110,949
Investments in equity securities		87,834	83,627
Prepaid expenses		16,441	16,786
<b>Total non-current assets</b>		<b>18,431,352</b>	<b>17,713,592</b>
<b>Current assets</b>			
Inventories		117,228	57,869
Trade and other receivables	9	237,881	197,875
Loans issued		-	80,047
Reimbursement asset	14	1,214,689	1,214,689
Cash and cash equivalents	10	28,287	201,413
<b>Total current assets</b>		<b>1,598,085</b>	<b>1,751,893</b>
<b>TOTAL ASSETS</b>		<b>20,029,437</b>	<b>19,465,484</b>
<b>EQUITY</b>			
Share capital	11	7,690,270	7,690,270
Retained earnings		7,317,801	6,445,258
Reserve capital		1,153,540	-
Revaluation reserve for securities at FVOCI		9,341	1,083
<b>TOTAL EQUITY</b>		<b>16,170,952</b>	<b>14,136,611</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Tenant deposits	16	678,434	643,346
Trade and other payables	15	34,176	125,387
Deferred tax liability	21	1,565,248	1,296,155
Loans and borrowings (non-current)	12	-	1,593,934
<b>Total non-current liabilities</b>		<b>2,277,858</b>	<b>3,658,822</b>
<b>Current liabilities</b>			
Loans and borrowings	12	-	130,563
Tenant deposits	16	-	16,373
Trade and other payables	15	102,618	97,546
Deferred revenue		77,542	71,369
Corporate income tax payable		113,870	74,391
Provisions	14	1,286,597	1,279,809
<b>Total current liabilities</b>		<b>1,580,627</b>	<b>1,670,051</b>
<b>TOTAL LIABILITIES</b>		<b>3,858,485</b>	<b>5,328,873</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>20,029,437</b>	<b>19,465,484</b>

Approved for issue and signed on 30 June 2025.

Arthur Davtyan  
Director



Tatevik Solomonyan  
Chief Accountant

The accompanying notes on pages 5 to 35 are an integral part of these financial statements.

**Kamar Business Center CJSC**  
**Statement of Profit or Loss and Other Comprehensive Income**

<i>In thousands of Armenian Drams</i>	<b>Note</b>	<b>2024</b>	<b>2023</b>
Rental income	17	2,381,755	2,242,054
Property operating expenses	18	(306,020)	(297,852)
<b>Net rental income</b>		<b>2,075,735</b>	<b>1,944,202</b>
Income from sale of inventories		-	8,849
Cost of sale of inventories		-	(6,720)
<b>Net gain from sale of inventories</b>		<b>-</b>	<b>2,129</b>
Other income	18	10,165	10,070
Change in fair value of investment property	8	754,804	380,665
Administrative expenses	18	(366,945)	(385,039)
Recovery of expected credit losses on financial assets	14	-	93,072
Other gain/(losses),net	18	(12,723)	(5,823)
<b>Operating profit</b>		<b>2,461,036</b>	<b>2,039,276</b>
Finance income	20	71,767	5,794
Finance costs	19	(68,096)	(242,850)
<b>Profit before income tax</b>		<b>2,464,707</b>	<b>1,802,220</b>
Income tax expense	21	(438,624)	(333,833)
<b>PROFIT FOR THE YEAR</b>		<b>2,026,083</b>	<b>1,468,387</b>
<b>Other comprehensive income for the year</b>		<b>8,258</b>	<b>1,083</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>2,034,341</b>	<b>1,469,470</b>

The accompanying notes on pages 5 to 35 are an integral part of these financial statements.

**Kamar Business Center CJSC**  
**Statement of Changes in Equity**

	Share capital	Reserve Capital	Revaluation reserve for securities at FVOCI	Retained earnings	Total
<i>In thousands of Armenian Drams</i>					
<b>Balance at 1 January 2023</b>	<b>7,690,270</b>		-	<b>4,976,871</b>	<b>12,667,141</b>
Profit for the year	-	-	-	1,468,387	<b>1,468,387</b>
Other comprehensive income for the year	-	-	1,083	-	<b>1,083</b>
Total comprehensive income for 2023	-		1,083	1,468,387	<b>1,469,470</b>
<b>Balance at 31 December 2023</b>	<b>7,690,270</b>		<b>1,083</b>	<b>6,445,258</b>	<b>14,136,611</b>
Profit for the year	-	-	-	2,026,083	<b>2,026,083</b>
Other comprehensive income for the year	-	-	8,258	-	<b>8,258</b>
Total comprehensive income for 2024	-		1,083	1,468,387	<b>1,469,470</b>
<b>Transfer of retained earnings to reserve capital</b>	-	1,153,540	-	(1,153,540)	-
<b>Balance at 31 December 2024</b>	<b>7,690,270</b>	<b>1,153,540</b>	<b>9,341</b>	<b>7,317,801</b>	<b>16,170,952</b>

The accompanying notes on pages 5 to 35 are an integral part of these financial statements.

**Kamar Business Center CJSC**  
**Statement of Cash Flows**

<i>In thousands of Armenian Drams</i>	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>2,464,707</b>	<b>1,802,220</b>
Adjustments for:			
Depreciation and amortisation	7	43,814	44,758
Foreign exchange gain / (loss)	18	11,755	(2,351)
Recovery of expected credit losses on financial assets		-	(93,072)
Finance income	20	(71,767)	(5,794)
Finance costs	19	68,096	242,850
Gain on fair value measurement of investment property	8	(754,804)	(380,665)
Net loss from sales of Investment Property	8	-	4,716
<b>Operating cash flows before working capital changes</b>		<b>1,761,801</b>	<b>1,612,662</b>
Change in trade and other receivables		(1,491)	(394)
Change in inventories		(59,361)	(18,722)
Change in prepaid expenses and VAT receivables		(39,661)	23,571
Change in deferred revenue		6,379	(21,700)
Change in trade and other payables		18,715	36,909
Change in tenant deposits		(68,354)	14,749
<b>Changes in working capital</b>		<b>1,618,028</b>	<b>1,647,075</b>
Income taxes paid		(130,052)	(151,133)
<b>Net cash from operating activities</b>		<b>1,487,976</b>	<b>1,495,942</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(25,442)	(30,597)
Disposal of property, plant and equipment		109	-
Disposal of equity securities at fair value through other comprehensive income		2,625	-
Loans granted to related parties		(527,000)	(1,389,700)
Loan repayments received from related parties		607,000	1,309,700
Interest received		3,444	6,911
<b>Net cash used in investing activities</b>		<b>60,736</b>	<b>(103,686)</b>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings		(1,593,881)	(1,230,094)
Interest and other charges paid		(119,134)	(171,592)
<b>Net cash used in financing activities</b>		<b>(1,713,015)</b>	<b>(1,401,686)</b>
Effect of exchange rate changes on cash and cash equivalents		(8,823)	492
<b>Cash and cash equivalents at the beginning of the year</b>		<b>201,413</b>	<b>210,351</b>
<b>Cash and cash equivalents at the end of the year</b>	10	<b>28,287</b>	<b>201,413</b>

The accompanying notes on pages 5 to 35 are an integral part of these financial statements.

## **1 Kamar Business Center CJSC and its Operations**

These financial statements have been prepared in accordance with IFRS accounting Standards for the year ended 31 December 2024 for Kamar Business Center CJSC (the "Company").

The Company was incorporated and is domiciled in the Republic of Armenia (the "RA"). The Company is a closed joint stock company and was set up on 10 December 2007 in accordance with Armenian regulations.

As of 31 December 2024 and 31 December 2023, the Company's shareholders are Mr. Gevorg Nalbandyan (51.3%), a citizen of Armenia, and GN LLC (48.7%) incorporated in Armenia. Final beneficiary owner of the Company is Mr. Gevorg Nalbandyan.

**Principal activity.** The principal activity of the Company is letting of business premises. By 1 November 2017 the Company has generally completed construction of a business center in downtown of Yerevan and commenced its operations.

**Registered address and place of business.** The legal address of the Company is Vazgen Sargsyan 2, Yerevan 0010, Republic of Armenia.

**Presentation currency.** These financial statements are presented in Armenian Drams ("AMD"), unless otherwise stated.

## **2 Operating Environment of the Company**

**Republic of Armenia.** The Republic of Armenia displays certain characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations (Note 22). Russia's war in Ukraine has had a multi-vectoral impact on the RA economy. On one hand, Armenia has become a destination for temporary residence for tens of thousands of visitors, a unique hub of economic interests, enabling, inter alia, financial operations. Moreover, free market niches are emerging in the Russian economy which are a fertile ground for boosting exports and implementing re-export operations from the RA. Furthermore, the economic system of Armenia is definitely impacted by the sanctions, imposed on the Russian Federation. Besides, the impact of Russia's war in Ukraine can be viewed in direct as well as indirect dimensions. Armenian currency continued appreciation during 2024, which was mainly driven by high foreign currency transferred to Armenian market.

In the beginning of 2022, the Armenian economy continued to demonstrate positive dynamics in recovery from the pandemic and war in Nagorny Karabakh. This trend was highly supported also by the Russian citizens moved to Armenia due to the War between Russia and Ukraine. This flow brought a big push to the economy of Armenia and contributed to the performance of the Group, considering that they have higher purchasing power and used to the cosmetics' lines sold by the Group. However, the lockdown of Nagorny Karabakh, started in 2022 December, led to enormous negative impact both on the economic and political situation in Armenia. After the war initiated by Azerbaijan in September 2023, more than one hundred thousand people, almost all of Nagorno-Karabakh's population, fled to Armenia in one week. So as a region, Nagorno-Karabakh was lost for Armenia, consequently the economic ties, that was held with them.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads.

These events may have a further significant impact on the Company's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Company's operations may differ from management's current expectations.

### **3 Basis of preparation**

**Basis of preparation.** These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the IASB under the historical cost convention, except for certain financial instruments which are initially recognised at fair value. The material accounting policies applied in the preparation of these financial statements are set out below. Apart from the accounting policy changes effective from 1 January 2023 these policies have been consistently applied to all periods presented, unless otherwise stated (Refer to Note 5).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

**Foreign currency translation.** The functional currency of each of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and the Company's presentation currency, is the national currency of the RA, Armenian Drams ("AMD").

**Transactions and balances.** Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of the Republic of Armenia (the "CBA") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into the Company's functional currency at year-end official exchange rates of the CBA are recognized in profit or loss as finance income or costs / Other gains/(losses), net. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

At 31 December 2024 the principal rate of exchange used for translating foreign currency balances was US Dollars ("USD") 1 = AMD 396.56 (31 December 2023: USD 1 = AMD 404.79), European Union currency ("Euro") 1 = AMD 413.89 (31 December 2023: Euro 1 = AMD 447.9), Russian Roubles ("RUB") 1 = AMD 3.71 (31 December 2023: RUB 1 = AMD 4.5).

**Property, plant, and equipment.** Property, plant, and equipment are stated at cost, less accumulated depreciation, and impairment, where required.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant, and equipment items is capitalized and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant, and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognized in profit or loss for the year. An impairment loss recognized for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs of disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss for the year within Other expenses.

### **3 Basis of preparation (Continued)**

**Depreciation.** Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	<u>Useful lives in years</u>
Office equipment	1-8
Vehicles	8
Other PPE	5-10

The residual value of an asset is the estimated amount that the Company would currently obtain from the disposal of the asset less the estimated costs of disposal if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**Investment property.** Investment property is property held by the Company to earn rental income or for capital appreciation, or both and which is not occupied by the Company. Investment property is initially recognized at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period. Fair value of investment property is the price that would be received from sale of the asset in an orderly transaction, without deduction of any transaction costs. The best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

In the absence of current prices in an active market, the Company considers information from discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Market value of the Company's investment property as of 31 December 2024 is determined based on valuation performed by the Company's management. The management has the relevant professional experience and skills for performing the valuation of the property.

Earned rental income is recorded in profit or loss for the year within Rental income. Gains and losses resulting from changes in the fair value of investment property are recorded in profit or loss for the year and presented separately.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

**Financial instruments – key measurement terms.** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

### **3 Basis of preparation (Continued)**

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

*Transaction costs* are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

*Amortized cost ("AC")* is the amount at which the financial instrument was recognized at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

*The effective interest method* is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortized over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e., it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

**Financial instruments – initial recognition.** Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognized for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

**Financial assets – classification and subsequent measurement – measurement categories.** The Company classifies financial assets at AC.

**Financial assets – classification and subsequent measurement – business model.** The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows"), or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

### **3 Basis of preparation (Continued)**

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment.

**Financial assets – classification and subsequent measurement – cash flow characteristics.** Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest (“SPPI”). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

**Financial assets impairment – credit loss allowance for ECL.** The Company assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Company measures ECL and recognizes net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions, and forecasts of future conditions.

Debt instruments measured at AC, trade and other receivables and loans issued are presented in the statement of financial position net of the allowance for ECL.

The Company recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Trade and other receivables;
- Loans issued.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (Note 9).

Debt instruments measured at AC, trade and other receivables, loans issued and contract assets are presented in the statement of financial position net of the allowance for ECL.

**Financial assets – write-off.** Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The main indicator that there is no reasonable expectation of recovery is expiry of limitation period. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

**Financial assets – derecognition.** The Company derecognizes financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

### **3 Basis of preparation (Continued)**

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

**Financial assets – modification.** A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

**Investments in equity securities - Initial recognition.** Investments in equity securities measured at FVTPL are initially recorded at fair value. Investments in equity securities measured at FVOCI are initially recorded at fair value, including transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

All purchases and sales of investments in equity securities that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the Group becomes a party to the contractual provisions of the instrument.

**Investments in equity securities - Classification and subsequent measurement – measurement categories.** The Group classifies investments in equity securities as measured at FVTPL, with the exception of the investments in equity securities for which the Group made an irrevocable election at initial recognition to present subsequent changes in the fair value in other comprehensive income (equity securities at FVOCI). This irrevocable election is only available for investments in equity securities that are neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

**Investments in equity securities - Reclassification.** Investments in equity securities are not subsequently reclassified between FVTPL and FVOCI, as the election to present subsequent changes in the fair value in other comprehensive income is irrevocable.

**Investments in equity securities - Derecognition.** The Group derecognises investments in equity securities when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the investments in equity securities or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

**Financial liabilities – measurement categories.** Financial liabilities are classified as subsequently measured at AC.

**Financial liabilities – derecognition.** Financial liabilities are derecognized when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled, or expires).

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

**Offsetting financial instruments.** Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts, and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

### **3 Basis of preparation (Continued)**

**Cash and cash equivalents.** Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

**Trade and other receivables.** Trade and other receivables are recognized initially at fair value and are subsequently carried at AC using the effective interest method.

**Trade and other payables.** Trade payables are accrued when the counterparty performs its obligations under the contract and are recognized initially at fair value and subsequently carried at AC using the effective interest method.

**Borrowings.** Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at AC using the effective interest method.

**Operating lease.** Where the Company is a lessor in a lease which does not transfers substantially all the risks and rewards incidental to ownership to the lessee (i.e., operating lease), lease payments from operating leases are recognized as Rental income on a straight-line basis. Modification of a lease is accounted for by the lessor as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

**Tenant deposits.** Tenant deposits, that meet the definition of financial liability, are initially recognized at fair value and subsequently measured at amortized cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognized on a straight-line basis over the lease term. Other tenant deposits are stated at the nominal amount.

**Income taxes.** Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognized in profit or loss for the year, except if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid, or recovered, in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the financial statements are authorized prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse, or the tax loss carry forwards will be utilized.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Company controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Company does not recognize deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

### **3 Basis of preparation (Continued)**

**Value added tax.** Output value added tax related to sales is accrued in the month of delivery of goods or services to customers and is payable to tax authorities before 20<sup>th</sup> of the next month. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognized in the statement of financial position on a net basis. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

**Inventories.** Inventories are recorded at the lower of cost and net realizable value. The cost of inventory is determined on the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

**Prepayments.** Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods, or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognized in profit or loss for the year.

**Share capital.** Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

**Dividends.** Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorized for issue are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations.

**Provisions for liabilities and charges.** Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense within finance costs.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognized as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognized as a prepayment.

**Reimbursement asset.** Where the Company expects some or all of a provision to be reimbursed by a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. Reimbursement assets are held at AC and net of ECL.

**Revenue recognition.** The Company earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognized as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Company is reasonably certain that the tenant will exercise that option.

### **3 Basis of preparation (Continued)**

**Deferred revenue.** Deferred revenue is recognized as a liability when the Company receives an advance payment.

**Employee benefits.** Wages, salaries, contributions to the RA state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond the social contribution.

**Amendment of the financial statements after issue.** Any changes to these financial statements after issue require approval of the Company's management who authorized these financial statements for issue.

### **4 Critical Accounting Estimates and Judgements in Applying Accounting Policies**

The Company makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

**Deferred income tax asset recognition.** The recognized deferred tax assets represent income taxes recoverable through future deductions from taxable profits and are recorded in the statement of financial position. Deferred income tax assets are recorded to the extent that realization of the related tax benefit is probable. This includes temporary difference expected to reverse in the future and the availability of sufficient future taxable profit against which the deductions can be utilized. The future taxable profits and the amount of tax benefits that are probable in the future are based on the medium-term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

**Tax legislation.** Armenian tax, currency and customs legislation is subject to varying interpretations. Refer to Note 22.

**Initial recognition of related party transactions.** In the normal course of business, the Company enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement 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 judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses. Terms and conditions of related party balances are disclosed in Note 27.

**ECL measurement.** Measurement of ECLs is a significant estimate that involves determination methodology, models, and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Company regularly reviews and validates the models and inputs of the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

**Valuation of investment properties.** Investment property is stated at its fair value based on reports prepared by management at the end of the reporting period.

As a result of the current economic environment, the frequency of property transactions is low in the Company's principal markets. In management's assessment there is no sufficient market activity to provide comparable prices for orderly transactions with similar properties when determining the fair value for the Company's investment property, because this information is not readily available there. For this property, the valuation was based principally on discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and by

**4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)**

external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

In preparing the valuation reports on the Company's investment property, management excluded distressed sales when considering comparable sales prices. Management has performed assumptions underlying the discounted cash flow models used in the valuation and confirmed that factors such as the discount rate applied have been appropriately determined considering the market conditions at the end of the reporting period. Notwithstanding the above, management considers that the valuation of its investment properties is currently subject to an increased degree of judgement and an increased likelihood that actual proceeds on a sale may differ from the carrying value. The principal assumptions underlying the estimation of the fair value are those relating to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company, and those reported by the market.

The principal assumptions made and the impact on the aggregate valuations of reasonably possible changes in these assumptions, with all other variables held constant, are as follows:

- The future rental rate AMD 147,903 per square meter per annum was estimated based on the historical revenue generated from renting offices, at the end of the current lease agreements, the actual rental rates are applied since it is in line with market rental rates. (2023: The future rental rate AMD 144,890 per square meter per annum was estimated based on the historical revenue generated from renting offices, at the end of the current lease agreements, the actual rental rates are applied since it is in line with market rental rates.). Had these rental rates been increased or decreased by 5 percent, the total carrying value of investment property would be 817,023 (2023: AMD 1,179,797) thousand higher or 817,023 (2023: AMD 1,179,797) thousand lower, respectively.
- Vacancy loss rate was assumed to be in the range of 0% (2023: 0%) in different years of operation. Should the vacancy loss rate increase / decrease by 1 percentage point, the carrying value of the investment property would be AMD 182,570 thousand lower / AMD 182,570 thousand higher (2023: AMD 175,022 thousand lower / AMD 175,022 thousand higher).
- The discount rate was assumed to be 13.97% (2023: 13.11%). Should this discount rate increase / decrease by 1 percentage point, the carrying value of the investment property would be AMD 1,630,888 thousand lower / 2,013,419 AMD thousand higher (2023: AMD 1,611,703 thousand lower / 2,012,334 AMD thousand higher).
- The growth rate was assumed to be 4.50% (2023: 4.15%). Should this capitalisation rate increase / decrease by 1 percentage point, the carrying value of the investment property would be AMD 1,241,667 thousand higher / AMD 1,004,572 thousand lower (2023: AMD 1,164,472 thousand higher / AMD 930,590 thousand lower).

**Useful lives of property, plant, and equipment.** The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Company. The following primary factors are considered: (a) the expected usage of the assets; (b) the expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) the technical or commercial obsolescence arising from changes in market conditions.

Were the estimated useful lives to differ by 10% from management's estimates, the impact on depreciation for the year ended 31 December 2024 would be to increase it by AMD 4,381 thousand or decrease it by AMD 4,381 thousand (2023: increase it by AMD 4,476 thousand or decrease it by AMD 4,476 thousand).

**Residual values of property, plant, and equipment.** Management determined the residual values of property, plant, and equipment to be nil.

## **5 Adoption of New or Revised Standards and Interpretations**

The following new standards and the amendments became effective from 1 January 2024:

**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).** The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

**Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).** These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).** In response to concerns of the users of financial statements about inadequate or misleading disclosure of financing arrangements, in May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require disclosure about entity's supplier finance arrangements (SFAs). These amendments require the disclosures of the entity's supplier finance arrangements that enable the users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The purpose of the additional disclosure requirements is to enhance the transparency of the supplier finance arrangements. The amendments do not affect recognition or measurement principles but only disclosure requirements.

## **6 New Accounting Pronouncements**

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Company has not early adopted.

**Amendments to IAS 21 Lack of Exchangeability (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).** In August 2023, the IASB issued amendments to IAS 21 to help entities assess exchangeability between two currencies and determine the spot exchange rate, when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they set out a framework under which an entity can determine the spot exchange rate at the measurement date. When applying the new requirements, it is not permitted to restate comparative information. It is required to translate the affected amounts at estimated spot exchange rates at the date of initial application, with an adjustment to retained earnings or to the reserve for cumulative translation differences.

## **6 New Accounting Pronouncements (Continued)**

**Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).** On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

**IFRS 18 Presentation and Disclosure in Financial Statements (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).** In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

**IFRS 19 Subsidiaries without Public Accountability: Disclosures (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).** The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries. IFRS 19 permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. Subsidiaries using IFRS Accounting Standards for their own financial statements provide disclosures that maybe disproportionate to the information needs of their users. IFRS 19 will resolve these challenges by:

- enabling subsidiaries to keep only one set of accounting records – to meet the needs of both their parent company and the users of their financial statements;
- reducing disclosure requirements – IFRS 19 permits reduced disclosure better suited to the needs of the users of their financial statements.

**IFRS 14, Regulatory Deferral Accounts (issued on 30 January 2014).** IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS Accounting Standards. However, to enhance comparability with entities that already apply IFRS Accounting Standards and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents financial statements in compliance with IFRS Accounting Standards is not eligible to apply the standard. This standard will be effective from a date that is yet to be determined by the IASB.

**Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).** These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of

## **6 New Accounting Pronouncements (Continued)**

the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. In 2015, the IASB decided to postpone the effective date of these amendments indefinitely.

**Annual Improvements to IFRS Accounting Standards (Issued in July 2024 and effective from 1 January 2026).** IFRS 1 was clarified that a hedge should be discontinued upon transition to IFRS Accounting Standards if it does not meet the 'qualifying criteria', rather than 'conditions' for hedge accounting, in order to resolve a potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9. IFRS 7 requires disclosures about a gain or loss on derecognition relating to financial assets in which the entity has a continuing involvement, including whether fair value measurements included 'significant unobservable inputs'. This new phrase replaced reference to 'significant inputs that were not based on observable market data'. The amendment makes the wording consistent with IFRS 13. In addition, certain IFRS 7 implementation guidance examples were clarified and text added that the examples do not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply IFRS 9 guidance to recognise any resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies that amendment. In order to resolve an inconsistency between IFRS 9 and IFRS 15, trade receivables are now required to be initially recognised at 'the amount determined by applying IFRS 15' instead of at 'their transaction price (as defined in IFRS 15)'. IFRS 10 was amended to use less conclusive language when an entity is a 'de-facto agent' and to clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of a circumstance in which judgement is required to determine whether a party is acting as a de-facto agent. IAS 7 was corrected to delete references to 'cost method' that was removed from IFRS Accounting Standards in May 2008 when the IASB issued amendment 'Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate'.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's financial statements.

## **7 Property, Plant and Equipment**

Movements in the carrying amount of property, plant and equipment were as follows:

<i>In thousands of Armenian Drams</i>	<b>Office equipment</b>	<b>Vehicles</b>	<b>Other PPE</b>	<b>Total</b>
Cost as at 1 January 2023	211,468	57,760	26,140	<b>295,368</b>
Accumulated depreciation as at 1 January 2023	(123,914)	(12,762)	(11,461)	<b>(148,137)</b>
<b>Carrying amount as at 1 January 2023</b>	<b>87,554</b>	<b>44,998</b>	<b>14,679</b>	<b>147,231</b>
Additions	1,377	-	7,099	<b>8,476</b>
Depreciation charge	(31,652)	(10,463)	(2,643)	<b>(44,758)</b>
<b>Carrying amount as at 31 December 2023</b>	<b>57,279</b>	<b>34,535</b>	<b>19,135</b>	<b>110,949</b>
Cost as at 31 December 2023	212,845	57,760	33,239	<b>303,844</b>
Accumulated depreciation as at 31 December 2023	(155,566)	(23,225)	(14,104)	<b>(192,895)</b>
<b>Carrying amount as at 31 December 2023</b>	<b>57,279</b>	<b>34,535</b>	<b>19,135</b>	<b>110,949</b>
Additions	2,789	-	227	<b>3,016</b>
Disposals	-	-	(108)	<b>(108)</b>
Depreciation charge	(29,989)	(10,396)	(3,429)	<b>(43,814)</b>
<b>Carrying amount as at 31 December 2024</b>	<b>30,079</b>	<b>24,139</b>	<b>15,825</b>	<b>70,043</b>
Cost as at 31 December 2024	215,634	57,760	33,358	<b>306,752</b>
Accumulated depreciation as at 31 December 2024	(185,555)	(33,621)	(17,533)	<b>(236,709)</b>
<b>Carrying amount as at 31 December 2024</b>	<b>30,079</b>	<b>24,139</b>	<b>15,825</b>	<b>70,043</b>

## **8 Investment Property**

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
<b>Investment properties at fair value as at 1 January</b>	<b>17,502,230</b>	<b>17,047,561</b>
Additions	-	78,720
Disposals	-	(4,716)
Fair value gains	754,804	380,665
<b>Investment properties at fair value as at 31 December</b>	<b>18,257,034</b>	<b>17,502,230</b>

The investment property is valued annually as at 31 December at fair value, by the management, who has the relevant professional experience and skills for performing the valuation of the property in the Republic of Armenia.

As a result of the current economic environment, the frequency of property transactions is low in the Company's principal markets. In management's assessment there is not sufficient market activity to provide comparable prices for orderly transactions with similar properties when determining the fair value for the Company's investment property, because this information is not readily available there. For this property, the valuation was based principally on discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Direct operating expenses recognized in profit or loss include AMD 306,020 thousand (2023: AMD 297,852 thousand) relating to investment property that generated rental income.

All investment properties were in use in 2024 and 2023. The properties are required to comply with the relevant health and safety and other environmental requirements, subject to ongoing self-certification and periodic inspections from independent oversight bodies, in order to continue in operation. Management considers that the Company's properties comply with substantially all the relevant requirements, and based on the Company's historical experience, all properties are expected to continue to be approved for ongoing use.

At 31 December 2024, investment properties carried at AMD 18,257,034 thousand (2023: AMD 17,502,230 thousand have been pledged as collateral) have been removed from being pledged to third parties as collateral with respect to borrowings, as the full amount of borrowings were repaid during the year. (Note 22).

Where the Company is the lessor, the future minimum lease payments receivable under operating leases of investment properties are as follows:

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
1 year	2,451,714	2,347,328
2 year	2,465,936	2,438,500
3 year	2,474,876	2,445,779
4 year	2,597,300	2,452,660
5 year	2,640,473	2,459,818
Later than 5 years	5,448,783	7,543,552
<b>Total undiscounted operating lease payments receivable as at 31 December</b>	<b>18,079,082</b>	<b>19,687,637</b>

## **8 Investment Property (Continued)**

Rental income from investment properties was AMD 2,381,755 thousand (2023: AMD 2,242,054 thousand).

The investment property is leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include increases and decreases due to currency devaluations, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Company obtains security deposits from tenants for the term of the lease.

Although the Company is exposed to changes in the residual value at the end of the current leases, the Company typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

## **9 Trade and Other Receivables**

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Trade receivables	219,072	178,792
Less credit loss allowance	-	-
<b>Total financial assets within trade and other receivables</b>	<b>219,072</b>	<b>178,792</b>
Prepayments	12,378	7,275
Tax prepayments	6,431	11,808
<b>Total trade and other receivables at 31 December</b>	<b>237,881</b>	<b>197,875</b>

Trade receivables of AMD 219,072 thousand (2023: AMD 178,792 thousand) are from operating lease.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of customers over a period of 24 months before each balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

<i>In % of gross value (In thousands of Armenian Drams)</i>	<b>31 December 2024</b>				<b>31 December 2023</b>			
	<b>Loss Rate</b>	<b>Gross carrying amount</b>	<b>Lifetime ECL</b>	<b>Net carrying value</b>	<b>Loss rate</b>	<b>Gross carrying amount</b>	<b>Lifetime ECL</b>	<b>Net carrying value</b>
<b>Individual provision</b>								
- Ameriabank CJSC	0%	131,595	-	131,595	0%	130,739	-	130,739
- Others	0%	87,477	-	87,477	0%	48,053	-	48,053
<b>Total</b>	<b>0%</b>	<b>219,072</b>	<b>-</b>	<b>219,072</b>		<b>178,792</b>	<b>-</b>	<b>178,792</b>

**9 Trade and Other Receivables (Continued)**

The table below discloses the credit quality of trade and other receivable balances based on credit risk grades at 31 December 2024 and 2023:

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Ba2 (Moody's)	131,595	130,739
Not rated	87,477	48,053
<b>Total trade receivables</b>	<b>219,072</b>	<b>178,792</b>

**10 Cash and Cash Equivalents**

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Bank balances payable on demand	28,287	201,413
<b>Total cash and cash equivalents at 31 December</b>	<b>28,287</b>	<b>201,413</b>

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2024 and 2023:

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Aa3 (Moody's)	-	114,075
Ba2 (Moody's)	28,287	87,338
<b>Total cash and cash equivalents</b>	<b>28,287</b>	<b>201,413</b>

The Company's cash and cash equivalents are denominated in currencies as follows:

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Cash and cash equivalents denominated in:		
- US Dollars	2,383	81,539
- Euros	3,545	83,427
- Armenian Drams	22,359	36,447
<b>Total cash and cash equivalents at 31 December</b>	<b>28,287</b>	<b>201,413</b>

## **11 Share Capital**

As at 31 December 2024 the total authorized number of the Company's shares is 79,281,131 shares (2023: 79,281,131 shares) with a par value of AMD 97 per share (2023: AMD 97 per share). All issued ordinary shares are fully paid. Each ordinary share carries one vote. Dividends declared and paid during the year were nil (2023: nil). The dividend per share as at 31 December 2024 is nil (2023: nil).

## **12 Loans and Borrowings**

The Company was in compliance with loan covenants as at 31 December 2023. The whole amount of Loans and borrowings was repaid as at 31 December 2024 (2023: The whole amount of Loans and borrowings was split and classified as current and non-current as at 31 December 2023) (Note 22).

The Company's loans and borrowings are denominated in currencies as follows:

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
<i>Non-current loans and borrowings:</i>		
- US Dollars	-	851,499
- Euros	-	742,435
<i>Current loans and borrowings:</i>		
- US Dollars	-	67,336
- Euros	-	63,227
<b>Total loans and borrowings at 31 December</b>	<b>-</b>	<b>1,724,497</b>

The bank loan denominated in USD matured until 4 March 2025, but was fully repaid during 2024 and beared interest of 7% annually (2023: 7% annually). The bank loan denominated in EUR matured until 5 March 2025, but was fully repaid during 2024 and beared interest of EURIBOR+3% annually (2023: EURIBOR+3% annually).

Investment property was removed from being pledged as collateral for the full amount of loans (2023: Investment property is pledged as collateral for the full amount of loans) (Note 22).

The Company does not apply hedge accounting and has not entered into any for its hedging arrangements in respect of its foreign currency obligations or interest rate exposures.

The fair value of current borrowings approximates their carrying amount.

### 13 Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Company's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

	2024	2023
	Borrowings	Borrowings
<i>In thousands of Armenian Drams</i>		
<b>Liabilities from financing activities at 1 January</b>	<b>1,724,497</b>	<b>2,896,204</b>
<b>Cash flows</b>		
Repayments of principal	(1,593,881)	(1,230,094)
Interest payments	(119,134)	(171,592)
<b>Non-cash changes</b>		
Interest accrual	60,285	154,027
Foreign exchange differences	(68,936)	79,419
Other	(2,831)	(3,467)
<b>Liabilities from financing activities at 31 December</b>	<b>-</b>	<b>1,724,497</b>

### 14 Provisions for Liabilities and Charges

Movements in provisions for liabilities and charges for the year ended 31 December 2024 are as follows:

<i>In thousands of Armenian Drams</i>	Legal claims	Other	Total
<b>Carrying amount at 1 January 2024</b>	<b>1,214,689</b>	<b>65,120</b>	<b>1,279,809</b>
Additions charged to profit or loss	-	25,825	<b>25,825</b>
Utilization of provision	-	(19,037)	<b>(19,037)</b>
<b>Carrying amount at 31 December 2024</b>	<b>1,214,689</b>	<b>71,908</b>	<b>1,286,597</b>

Movements in provisions for liabilities and charges for the year ended 31 December 2023 are as follows:

<i>In thousands of Armenian Drams</i>	Legal claims	Other	Total
<b>Carrying amount at 1 January 2023</b>	<b>1,214,689</b>	<b>31,185</b>	<b>1,245,874</b>
Additions charged to profit or loss	-	59,763	<b>59,763</b>
Utilization of provision	-	(25,828)	<b>(25,828)</b>
<b>Carrying amount at 31 December 2023</b>	<b>1,214,689</b>	<b>65,120</b>	<b>1,279,809</b>

All of the above provisions have been classified as current liabilities because the Company does not have an unconditional right to defer settlement beyond one year. Expected timing of the cash outflows is indicated below.

#### **14 Provisions for Liabilities and Charges (Continued)**

**Legal claims.** In January 2017, the Company presented in trial court a claim against the contractor on return of the compensation in addition to other penalties due to non-performance of the contractual obligations (the total amount of the claim against the contractor is AMD 1,780,820 thousand). The contractor presented a counterclaim in trial court on seizure of payment in the amount of AMD 1,615,784 thousand for investment property construction works.

During 2019, the trial court had ruled in favor of the contractor, which was later appealed in the court of appeals by the Company. The court of appeals rejected the trial court ruling and sent the case to lower court for a new trial. Considering the mentioned developments taken place in 2019 and the reasons of rejection of trial court ruling, management assessed probable the outflow of the financial resources thus respective provision was recognized in the total amount of the counterclaim in accordance with IAS 37 "Provisions, contingent liabilities and contingent assets".

The provision was recognized at the total amount of legal claim (AMD 1,615,784 thousand) less the prepayment made by the Company to the contractor (AMD 401,095 thousand).

The claim was presented against the Company at the time of Ameria Group (CY) Limited shareholding. In the share purchase agreement dated 6 August 2019, Ameria Group (CY) Limited has agreed to reimburse any cost associated with adverse outcome of the above-mentioned legal case. The Company thus recognized a reimbursement asset of equal amount. On 8 September 2020, Ameria Group CY Limited changed its name to Imast Group (Cy) Limited.

As a result of the new examination of the case in 2020, the court decision of the lawsuit filed by the contractor was dismissed in part and the lawsuit was suspended in another part. On 8 January 2022 the deadline for appealing against the verdict expired. The Court decision has entered into legal force, after which the proceedings of the other suspended court cases were resumed and suspended again for a technical examination to be carried out. No significant events took place in 2024 to trigger the reversal of the provision and corresponding reimbursement asset.

The credit loss allowance of AMD 93,072 thousand (2023: AMD 93,072 thousand was reversed) was reversed on reimbursement asset, which is impacted by a variety of factors, such as changes to model assumptions, including changes in PDs, EADs and LGDs in the period, arising from update of inputs to ECL model.

#### **15 Trade and Other Payables**

<i>In thousands of Armenian Drams</i>	<b>Note</b>	<b>2024</b>	<b>2023</b>
Trade payables		37,812	31,176
Liabilities for purchased property, plant, and equipment		54,616	68,827
Liabilities for renovation expenses for IP improvement		-	77,000
<b>Total financial payables within trade and other payables at AC</b>		<b>92,428</b>	<b>177,003</b>
Taxes payable		34,322	35,886
Other payable		10,044	10,044
<b>Trade and other payables at 31 December</b>		<b>136,794</b>	<b>222,933</b>

Liabilities for purchased property, plant, and equipment in amount of AMD 34,176 thousand (2023: 48,387) and liabilities for renovation expenses for investment property improvement in amount of AMD nil (2023: 77,000) are non-current.

## **16 Tenant Deposits**

The Company holds long-term security deposits from tenants of AMD 678,434 thousand (2023: AMD 643,346 thousand) and short-term security deposits from tenants of AMD nil thousand (2023: AMD 16,373). These deposits are non-refundable and will be set-off against the last two, three or four months of the lease depending on the contract with tenant.

## **17 Rental income**

All the rental income is recognized over time (2023: over time). The rental income is disaggregated as follows:

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Rental income from lease of premises	2,322,227	2,182,068
Rental income from lease of conference room	59,528	58,353
Rental income from lease of parking slots	-	1,633
<b>Total rental income</b>	<b>2,381,755</b>	<b>2,242,054</b>

Utilities attributable to each tenant are compensated by them.

## **18 Income and Expenses by Nature**

### **Property operating expenses**

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Utilities	87,665	73,918
Engineering and technical control expense	75,000	80,125
Security expense	60,833	46,208
Cleaning expenses	19,998	20,284
Depreciation expense	14,622	14,548
Property ongoing maintenance	12,299	8,199
Ventilation system expenses	7,448	5,470
Elevator maintenance expenses	4,869	5,050
IT and security systems maintenance	4,707	5,190
Ongoing repair expenses	4,622	12,324
Other expenses	13,957	26,536
<b>Total property operating expenses</b>	<b>306,020</b>	<b>297,852</b>

### **Administrative expenses**

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Personnel expenses	253,595	276,512
Insurance expenses	30,015	25,672
Depreciation and amortization	29,181	30,201
Marketing and advisory expenses	20,088	12,789
Non-refundable taxes	18,330	12,991
Utilities costs	3,607	3,394
Representative expenses	3,182	674
Loss from currency conversion	2,325	17,690
Other expenses	6,622	5,116
<b>Total administrative expenses</b>	<b>366,945</b>	<b>385,039</b>

## **18 Income and Expenses by Nature (Continued)**

Personnel expenses include contribution to mandatory pension funds amounting AMD 3,106 thousand (2023: AMD 2,774 thousand).

### **Other income**

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Other rental income	9,518	9,543
Income from penalties	629	527
Other	18	-
<b>Total other income</b>	<b>10,165</b>	<b>10,070</b>

### **Other gain/(losses), net**

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Net foreign exchange gain/(loss)	(11,756)	2,351
Other	(967)	(8,174)
<b>Total Other gain/(losses), net</b>	<b>(12,723)</b>	<b>(5,823)</b>

## **19 Finance Costs**

<i>In thousands of Armenian Drams</i>	<b>Note</b>	<b>2024</b>	<b>2023</b>
Interest expenses on loans and borrowings		60,285	154,027
Unwinding of discount for long-term accounts payable		7,811	9,404
Foreign exchange losses less gains from borrowings		-	79,419
<b>Total finance costs</b>		<b>68,096</b>	<b>242,850</b>

## **20 Finance Income**

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Interest income on bank accounts and from deposit	2,831	5,794
Foreign exchange gains less losses from borrowings	68,936	-
<b>Total finance income</b>	<b>71,767</b>	<b>5,794</b>

## **21 Income Taxes**

### **(a) Components of income tax expense**

Income tax expense recorded in profit or loss comprises the following:

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
Current tax	169,531	128,899
Deferred tax	269,093	204,934
<b>Income tax expense for the year</b>	<b>438,624</b>	<b>333,833</b>

### **(b) Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate**

The income tax rate applicable to the Company's 2024 income is 18% (2023: 18%). A reconciliation between the expected and the actual taxation charge is provided below.

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
<b>Profit before tax</b>	<b>2,464,707</b>	<b>1,802,220</b>
Theoretical tax charge at statutory rate of 18%:	(443,647)	(324,400)
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income which is exempt from taxation	17,159	30,778
- Non-deductible expenses	(12,136)	(40,211)
<b>Income tax expense for the year</b>	<b>(438,624)</b>	<b>(333,833)</b>

### **(c) Deferred taxes analyzed by type of temporary difference**

Differences between IFRS and statutory taxation regulations in RA give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at the rate of 18% (2023: 18%).

<i>In thousands of Armenian Drams</i>	<b>1 January 2024</b>	<b>(Charged)/credited to profit or loss</b>	<b>31 December 2024</b>
<b>Tax effect of deductible/(taxable) temporary differences</b>			
Investment property	(1,390,394)	(261,580)	(1,651,974)
Property and equipment	9,509	(709)	8,800
Deferred rental income	(27,383)	(6,874)	(34,257)
Trade and other payables	18,768	75	18,843
Accounts receivable and prepayments	93,345	(5)	93,340
<b>Net deferred tax liability</b>	<b>(1,296,155)</b>	<b>(269,093)</b>	<b>(1,565,248)</b>

## **21 Income taxes (Continued)**

The tax effect of the movements in the temporary differences for the year ended 31 December 2023 are:

<i>In thousands of Armenian Drams</i>	<b>1 January 2023</b>	<b>(Charged)/credited to profit or loss</b>	<b>31 December 2023</b>
<b>Tax effect of deductible/(taxable) temporary differences</b>			
Investment property	(1,181,945)	(208,449)	(1,390,394)
Property and equipment	10,951	(1,442)	9,509
Deferred rental income	(30,517)	3,134	(27,383)
Trade and other payables	16,951	1,817	18,768
Accounts receivable and prepayments	93,339	6	93,345
<b>Net deferred tax liability</b>	<b>(1,091,221)</b>	<b>(204,934)</b>	<b>(1,296,155)</b>

## **22 Contingencies and Commitments**

**Legal proceedings.** From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions (Note 14) that have been made in these financial statements.

**Tax legislation.** Armenian tax and customs legislation is subject to varying interpretations, and changes, which can occur frequently. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities.

Tax authorities may be taking a more assertive and sophisticated approach in their interpretation of the legislation and tax examinations. Combined with a possible increase in tax collection efforts to respond to budget pressures, the above may lead to an increase in the level and frequency of scrutiny by the tax authorities. In particular, it is possible that transactions and activities that have not been challenged in the past may be challenged. As a result, significant additional taxes, penalties, and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods.

Armenian transfer pricing (TP) legislation is generally aligned with the international TP principles developed by the Organization for Economic Cooperation and Development (OECD), although it has

specific features. The TP legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. The management has implemented internal controls to comply with current TP legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of TP rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the Company's operations.

## **22 Contingencies and Commitments (Continued)**

**Assets pledged and restricted.** As at 31 December 2024 and 2023 the Company has the following assets pledged as collateral:

<i>In thousands of Armenian Drams</i>	<b>Notes</b>	<b>2024</b>		<b>2023</b>	
		<b>Asset pledged</b>	<b>Related liability</b>	<b>Asset pledged</b>	<b>Related liability</b>
Investment properties	8	-	-	17,502,230	1,724,497

**Compliance with covenants.** The Company was previously subject to certain covenants primarily related to its loans and borrowings, with non-compliance potentially resulting in negative consequences, including the declaration of default. As at December 31, 2024, the Company is no longer subject to any covenants related to its loans and borrowings, as during 2024 The company has fully repaid its loans and borrowings (2023: The Company was in compliance with covenants at 31 December 2023).

## **23 Financial Risk Management**

The risk management function within the Company is carried out with respect to financial risks, operational risks, and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimize operational and legal risks.

**Credit risk.** The Company exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Company's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

Tenant deposits held with the Company until expiration of leases may be withheld by the Company if receivables due from the tenant are not settled or in case of other breaches of contract.

**Credit risk management.** Credit risk is the single largest risk for the Company's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

The Company's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide information about credit risk as disclosed in Note 9 and Note 10.

**Cash and cash equivalents.** The Company believes that the risk of cash loss can be deemed as insignificant, since the financial institutions selected for investment of the Company's funds are reliable and authoritative.

The Company's cash is held with major reputable banks domiciled in Armenia.

## 23 Financial Risk Management (Continued)

**Market risk.** The Company takes on exposure to market risks. Market risks arise from open positions in (a) currency and (b) interest rates, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

**Currency risk.** In respect of currency risk, management sets limits on the level of exposure by currency and in total. The table below summarizes the Company's exposure to foreign currency exchange rate risk at the end of the reporting period:

<i>In thousands of Armenian Drams</i>	As at 31 December 2024			As at 31 December 2023		
	Monetary financial assets	Monetary financial liabilities	Net position	Monetary financial assets	Monetary financial liabilities	Net position
USD	2,383	-	2,383	81,539	(918,835)	(837,296)
EUR	3,545	-	3,545	83,427	(805,662)	(722,235)
<b>Total</b>	<b>5,928</b>	<b>-</b>	<b>5,928</b>	<b>164,966</b>	<b>(1,724,497)</b>	<b>(1,559,531)</b>

The following table presents sensitivities of profit or loss to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Company entities, with all other variables held constant:

<i>In thousands of Armenian Drams</i>	As at 31 December 2024	As at 31 December 2023
US Dollar strengthening by 5% (2023: by 5%)	119	(41,865)
US Dollar weakening by 5% (2023: by 5%)	(119)	41,865
Euro strengthening by 5% (2023: by 5%)	177	(36,112)
Euro weakening by 5% (2023: by 5%)	(177)	36,112

**Interest rate risk.** The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

Interest rate risk is managed principally through applying fixed-rate contracts and monitoring the analysis of interest rate review terms.

The table below summarizes the Company's exposure to interest rate risks. The table presents the aggregated amounts of the Company's financial assets and liabilities at variable interest rates at carrying amounts, categorized by the earlier of contractual interest repricing or maturity dates:

<i>In thousands of Armenian Drams</i>	Demand and less than 3 month	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
<b>31 December 2024</b>					
Financial assets	-	-	-	-	-
Financial liabilities	-	-	-	-	-
<b>Net interest sensitivity gap as at 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2023</b>					
Financial assets	-	-	-	-	-
Financial liabilities	(34,398)	(28,183)	(743,081)	-	(805,662)
<b>Net interest sensitivity gap as at 31 December 2023</b>	<b>(34,398)</b>	<b>(28,183)</b>	<b>(743,081)</b>	<b>-</b>	<b>(805,662)</b>

## 23 Financial Risk Management (Continued)

As at 31 December 2023, if interest rates at that date had been 200 basis points with all other variables held constant, profit for the year would have been AMD 1,905 thousand higher, mainly as a result of lower interest expense on variable interest liabilities.

If interest rates had been 200 basis points higher, with all other variables held constant, profit would have been AMD 1,905 thousand lower, mainly as a result of higher interest expense on variable interest liabilities.

The Company monitors interest rates for its financial instruments. The table below summarizes interest rates at the respective reporting date based on reports reviewed by key management personnel:

<i>In % p.a.</i>	2024			2023		
	AMD	USD	Euro	AMD	USD	Euro
<b>Assets</b>						
Loans issued	6	-	-	6	-	-
<b>Liabilities</b>						
Borrowings	-	7	EURIBOR+3%	-	7	EURIBOR+3%

The sign “-“ in the table above means that the Company does not have the respective assets or liabilities in the corresponding currency.

**Liquidity risk.** Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources.

The Company analyses the aging of its assets and the maturity of its liabilities and plans its liquidity depending on the expected repayment of various instruments. The Company emphasizes financial flexibility. An important part of this emphasis is to minimize liquidity risk through ensuring access to a diversified set of funding sources. The Company uses cash and credit facilities to manage short-term liquidity. Long-term liquidity needs are managed by raising funds in the capital markets.

The maturity analysis of financial liabilities as at 31 December 2024 is as follows:

<i>In thousands of Armenian Drams</i>	Demand and less than 3 month	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
<b>Liabilities</b>					
Borrowings (Note 12)	-	-	-	-	-
Trade payables (Note 15)	43,318	11,011	44,044	-	98,373
<b>Total future payments, including future principal and interest payments</b>	<b>43,318</b>	<b>11,011</b>	<b>44,044</b>	<b>-</b>	<b>98,373</b>

The maturity analysis of financial liabilities as at 31 December 2023 is as follows:

<i>In thousands of Armenian Drams</i>	Demand and less than 3 month	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
<b>Liabilities</b>					
Borrowings (Note 12)	70,444	72,530	2,090,220	-	2,233,194
Trade payables (Note 15)	36,682	16,517	143,066	-	196,264
<b>Total future payments, including future principal and interest payments</b>	<b>107,126</b>	<b>89,047</b>	<b>2,233,286</b>	<b>-</b>	<b>2,429,458</b>

## **24 Management of Capital**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The amount of capital that the Company managed as of 31 December 2024 was AMD 16,170,952 thousand (2023: AMD 14,136,611 thousand).

Under Law of The Republic of Armenia on Joint-Stock Companies, Article 43. Company Funds and Non-Current Assets, it is required to hold reserve capital defined by Company's charter, but which should be not less than 15% of share capital. Thus, during 2024 the Company has decided to transfer a portion of retained earnings to reserve capital in the amount of 15% of Share Capital, and as of 31 December 2024 the reserve capital was AMD 1,153,540 thousand (2023: nil).

## **25 Fair Value Disclosures**

Fair value measurements are analyzed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

### **a) Recurring fair value measurements**

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorized are as follows:

<i>In thousands of Armenian Drams</i>	<b>2024</b>	<b>2023</b>
	<b>Level 3</b>	<b>Level 3</b>
<b>NON-FINANCIAL ASSETS</b>		
- Investment properties	18,257,034	17,502,230
<b>TOTAL ASSETS RECURRING FAIR VALUE MEASUREMENTS AT 31 DECEMBER</b>	<b>18,257,034</b>	<b>17,502,230</b>

The valuation technique, inputs used in the fair value measurement for level 3 measurements are as follows as at 31 December 2024:

<i>In thousands of Armenian Drams</i>	<b>Fair value</b>	<b>Valuation technique</b>	<b>Inputs used</b>	<b>Inputs</b>	<b>Inputs</b>
				<b>2024</b>	<b>2023</b>
<b>NON-FINANCIAL ASSETS</b>					
- Investment properties	18,257,034	Income approach under DCF method			
			Rental rate	147,903	144,890
			Average occupancy rate	100%	100%
			Discount rate	13.97%	13.11%
			Growth rate	4.50%	4.15%
<b>TOTAL RECURRING FAIR VALUE MEASUREMENTS AT LEVEL 3</b>	<b>18,257,034</b>				

## 25 Fair Value Disclosures (Continued)

Note 4 discloses the sensitivity to valuation inputs for financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change the fair value significantly. For this purpose, significance was judged with respect to profit or loss, and total assets or total liabilities, or, when changes in the fair value are recognised in other comprehensive income or total equity.

There were no changes in the valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2024 (2023: none). Investment property represents a land area and multi-story business center on it located in downtown Yerevan.

The sensitivity of fair value measurements disclosed in the above table shows the direction that an increase or decrease in the respective input variables would have on the valuation result.

### (c) Valuation processes for recurring and non-recurring level 3 fair value measurements

Level 3 valuations are reviewed on a monthly basis by the Company's financial director. The financial director considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques. In selecting the most appropriate valuation model the director performs back testing and considers which model's results have historically aligned most closely to actual market transactions.

**Financial assets carried at amortized cost.** The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Carrying amounts of reimbursement assets, loans issued, trade and other financial receivables and cash and cash equivalents approximate their fair values.

**Liabilities carried at amortized cost.** Fair values of liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

Carrying amounts of loans and borrowings, tenant deposits, and trade and other payables approximate their fair values.

## 26 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 "Financial Instruments" classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) equity instruments at FVOCI and (c) financial assets at AC.

The following table provides a reconciliation of financial assets with these measurement categories as of 31 December 2024:

<i>In thousands of Armenian Drams</i>	31 December 2024		31 December 2023	
	AC	FVOCI	AC	FVOCI
<b>ASSETS</b>				
Cash and cash equivalents	28,287	-	201,413	-
Loans issued	-	-	80,047	-
Investments in Equity Securities	-	87,834	-	83,627
Reimbursement asset	1,214,689	-	1,214,688	-
Trade and other receivables	237,881	-	197,875	-
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,480,857</b>	<b>87,834</b>	<b>1,694,024</b>	<b>83,627</b>

## 26 Presentation of Financial Instruments by Measurement Category (Continued)

As of 31 December 2024 and 31 December 2023, all of the Company's financial liabilities were carried at AC.

## 27 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

At 31 December 2024 and 2023, the outstanding balances with related parties were as follows:

<i>In thousands of Armenian Drams</i>	31 December 2024		31 December 2023	
	Shareholder	Entities under common control	Shareholder	Entities under common control
Loans issued	-	-	80,047	-
Trade receivables	-	-	-	-
Investments in Equity Securities	-	87,834	-	83,627
Deferred revenue	-	-	-	-
Trade payables	-	(1,703)	(77,000)	(294)

As at 31 December 2024 and 2023 the ultimate beneficiary owner is the guarantor of the full amount of the loans.

Transactions with related parties for the year ended 31 December 2024 and 2023 were as follows:

<i>In thousands of Armenian Drams</i>	31 December 2024		31 December 2023	
	Shareholder	Entities under common control	Shareholder	Entities under common control
Dividend declared and paid	-	-	-	-
Lease income	-	-	17,425	-
Information, consulting, and other professional services	5,000	1,420	5,000	804
Finance income	2,831	-	5,794	-
Security service	-	60,833	-	26,996
Purchase of goods	1,910	5,297	-	2,993
Purchase of PPE	-	438	-	58

**Key management personnel.** Key management includes Director, Deputy Director of Technical Operation and Deputy Director of Operations. Key management compensation is presented below:

<i>In thousands of Armenian Drams</i>	2024		2023	
	Expense	Accrued liability	Expense	Accrued liability
<i>Short-term benefits:</i>				
- Salaries	206,523	66,815	197,993	61,245
<b>Total key management compensation</b>	<b>206,523</b>	<b>66,815</b>	<b>90,697</b>	<b>22,334</b>

The salaries of key management include contribution to mandatory pension funds amounting AMD 2,000 thousand (2023: AMD 1,821 thousand).

## **28 Events after the Reporting Period**

**Dividends and replenishment of share capital.** On 17 January 2025 and 14 April 2025, the Extraordinary Meeting of Shareholders declared an annual dividend in the amount of AMD 421,052 thousand and AMD 210,600 thousand from the net profit of 2021 (AMD 2,023,177 thousand). The whole amount of dividends was paid up to the date of these financial statements.

In January and April 2025, the Extraordinary Meeting of Shareholders has decided to replenish share capital by AMD 23,784 thousand and AMD 11,099 thousand respectively, from the dividends declared and paid, as a result the nominal value of already allocated 79,281,131 shares increased to AMD 7,725,153 thousand.

**Loans issued.** New loans to related parties were issued from 24 February 2025 to 3 March 2025 in the amount of AMD 24,000 thousand and from 21 April 2025 to 15 May 2025 in the amount of AMD 50,000 thousand, which were partially repaid to the Company by the end of April 2025.