

**Sirius Capital CJSC**

**Financial Statements  
for the year ended 31 December 2024**

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# Independent Auditors' Report

## To the Shareholder of Sirius Capital CJSC

### Opinion

We have audited the financial statements of Sirius Capital CJSC (the "Company"), which comprise the statement of financial position as at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (*IESBA Code*) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is:

  
Irina Gevorgyan  
Managing Partner, Director of KPMG Armenia LLC

  
KPMG Armenia LLC  
4 June 2025



*Sirius Capital CJSC*  
*Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024*

|                                                                        |       | 2024           | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023 |
|------------------------------------------------------------------------|-------|----------------|----------------------------------------------------------------|
|                                                                        | Notes | AMD'000        | AMD'000                                                        |
| Interest income calculated using effective interest rate               | 5     | 22,131         | 13,794                                                         |
| Interest expense                                                       | 6     | (6,775)        | (9,934)                                                        |
| <b>Net interest income</b>                                             |       | <b>15,356</b>  | <b>3,860</b>                                                   |
| Fee and commission income                                              | 7     | 143,007        | 680                                                            |
| Fee and commission expense                                             | 8     | (55,848)       | (809)                                                          |
| <b>Net commission and other fees received</b>                          |       | <b>87,159</b>  | <b>(129)</b>                                                   |
| Net gain on financial instruments at fair value through profit or loss | 9     | 103,310        | 13,570                                                         |
| Net foreign exchange gain                                              | 10    | 56,621         | 13,413                                                         |
| Other operating income                                                 |       | 647            | 45                                                             |
| <b>Operating income</b>                                                |       | <b>263,093</b> | <b>30,759</b>                                                  |
| Personnel expenses                                                     | 11    | (125,842)      | (6,765)                                                        |
| Depreciation and amortization                                          |       | (9,688)        | (2,221)                                                        |
| Other general administrative expenses                                  | 12    | (69,350)       | (4,561)                                                        |
| <b>Profit before income tax</b>                                        |       | <b>58,213</b>  | <b>17,212</b>                                                  |
| Income tax expense                                                     | 13    | (12,675)       | (840)                                                          |
| <b>Profit for the year/period</b>                                      |       | <b>45,538</b>  | <b>16,372</b>                                                  |

The financial statements as set out on pages 5 to 32 were approved by management on 4 June 2025 and were signed on its behalf by:

  
 \_\_\_\_\_  
 Ararat Mkrtchyan  
 Director

  
 \_\_\_\_\_  
 Argam Abrahamyan  
 Authorised representative of StepUp LLC

**Sirius Capital CJSC**  
Statement of Financial Position as at 31 December 2024

|                                                       | Notes | 31 December 2024<br>AMD'000 | 31 December 2023<br>AMD'000 |
|-------------------------------------------------------|-------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                                         |       |                             |                             |
| Cash and cash equivalents                             | 14    | 467,766                     | 1,537                       |
| Trade receivables                                     | 15    | 1,219,990                   | 15,610                      |
| Financial assets at fair value through profit or loss | 16    | 71,771                      | 651,352                     |
| Prepayments given                                     |       | 8,588                       | -                           |
| Deferred tax asset                                    |       | 1,229                       | -                           |
| Property and equipment                                |       | 1,195                       | 459                         |
| Right of use asset                                    | 19    | 22,518                      | 14,124                      |
| <b>Total assets</b>                                   |       | <b>1,793,057</b>            | <b>683,082</b>              |
| <b>LIABILITIES</b>                                    |       |                             |                             |
| Amounts payable under repurchase agreements           |       | -                           | 307,969                     |
| Borrowings                                            |       | -                           | 15,476                      |
| Deferred tax liabilities                              |       | -                           | 840                         |
| Trade payables                                        | 17    | 1,154,348                   | -                           |
| Lease liability                                       | 19    | 22,365                      | 13,189                      |
| Current tax liability                                 |       | 14,744                      | -                           |
| Other liabilities                                     | 18    | 211,690                     | 1,236                       |
| <b>Total liabilities</b>                              |       | <b>1,403,147</b>            | <b>338,710</b>              |
| <b>EQUITY</b>                                         |       |                             |                             |
| Share capital                                         | 21    | 328,000                     | 328,000                     |
| Retained earnings                                     |       | 61,910                      | 16,372                      |
| <b>Total equity</b>                                   |       | <b>389,910</b>              | <b>344,372</b>              |
| <b>Total liabilities and equity</b>                   |       | <b>1,793,057</b>            | <b>683,082</b>              |

The statement of financial position is to be read in conjunction with the notes to, and forming part of, the financial statements.

**Sirius Capital CJSC**  
*Statement of Changes in Equity for the year ended 31 December 2024*

| <b>AMD'000</b>                                   | <b>Share capital</b> | <b>Retained earnings</b> | <b>Total</b>   |
|--------------------------------------------------|----------------------|--------------------------|----------------|
| Balance as at 25 July 2023                       | -                    | -                        | -              |
| <b>Total comprehensive income</b>                |                      |                          |                |
| Profit for the period                            | -                    | 16,372                   | 16,372         |
| <b>Total comprehensive income for the period</b> | -                    | <b>16,372</b>            | <b>16,372</b>  |
| <b>Transactions with owners of the Company</b>   |                      |                          |                |
| Issue of ordinary shares                         | 328,000              | -                        | 328,000        |
| <b>Total transactions with owners</b>            | <b>328,000</b>       | -                        | <b>328,000</b> |
| <b>Balance as at 31 December 2023</b>            | <b>328,000</b>       | <b>16,372</b>            | <b>344,372</b> |
| <b>Total comprehensive income</b>                |                      |                          |                |
| Profit for the year                              | -                    | 45,538                   | 45,538         |
| <b>Total comprehensive income for the year</b>   | -                    | <b>45,538</b>            | <b>45,538</b>  |
| <b>Balance as at 31 December 2024</b>            | <b>328,000</b>       | <b>61,910</b>            | <b>389,910</b> |

The statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the financial statements.

**Sirius Capital CJSC**  
Statement of Cash Flows for the year ended 31 December 2024

|                                                                              |              | <b>2024</b>     | <b>25 July 2023</b>            |
|------------------------------------------------------------------------------|--------------|-----------------|--------------------------------|
|                                                                              |              | <b>AMD'000</b>  | <b>(date of incorporation)</b> |
|                                                                              | <b>Notes</b> |                 | <b>to 31 December 2023</b>     |
|                                                                              |              | <b>AMD'000</b>  | <b>AMD'000</b>                 |
| <b>Cash flow from operating activities</b>                                   |              |                 |                                |
| Interest receipts                                                            |              | 7,483           | 14,954                         |
| Interest payments                                                            |              | (7,298)         | (9,374)                        |
| Fee and commission receipts                                                  |              | 143,007         | 680                            |
| Fee and commission payments                                                  |              | (25,250)        | (809)                          |
| Net receipts from financial instruments at fair value through profit or loss |              | 111,600         | 68                             |
| Net receipts/(payments) from foreign currency trading                        |              | 67,456          | (1,827)                        |
| Salaries and related expenses paid                                           |              | (80,416)        | (5,529)                        |
| Other general administrative expenses payments                               |              | (77,938)        | (4,561)                        |
| <b>(Increase)/decrease in operating assets</b>                               |              |                 |                                |
| Financial instruments at fair value through profit or loss                   |              | 573,736         | (636,941)                      |
| Trade receivables                                                            |              | (1,326,429)     | (18,106)                       |
| <b>Increase/(decrease) in operating assets</b>                               |              |                 |                                |
| Amounts payable under repurchase agreements                                  |              | (307,446)       | 307,446                        |
| Trade payables                                                               |              | 1,332,211       | -                              |
| Other liabilities                                                            |              | 134,430         | -                              |
| <b>Net cash from/(used in) operating activities</b>                          |              | <b>545,146</b>  | <b>(353,999)</b>               |
| <b>Cash flows from investing activities</b>                                  |              |                 |                                |
| Borrowings provided                                                          |              | (21,275)        | -                              |
| Repayment of provided borrowings                                             |              | 21,275          | -                              |
| Purchases of property and equipment                                          |              | (1,240)         | (648)                          |
| <b>Net cash used in investing activities</b>                                 |              | <b>(1,240)</b>  | <b>(648)</b>                   |
| <b>Cash flows from financing activities</b>                                  |              |                 |                                |
| Proceeds from the issue of share capital                                     |              | -               | 328,000                        |
| Proceeds from borrowings                                                     | 20           | 9,550           | 15,476                         |
| Repayment of received borrowing                                              | 20           | (25,026)        | -                              |
| Payment of lease liability                                                   | 20           | (8,401)         | (3,005)                        |
| <b>Net cash (used in)/from financing activities</b>                          |              | <b>(23,877)</b> | <b>340,471</b>                 |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                  |              | <b>520,029</b>  | <b>(14,176)</b>                |
| Effect of exchange rate fluctuations on cash and cash equivalents            |              | (53,800)        | 15,713                         |
| Cash and cash equivalents as at beginning of the year/period                 |              | 1,537           | -                              |
| <b>Cash and cash equivalents as at 31 December</b>                           |              | <b>467,766</b>  | <b>1,537</b>                   |

The statement of cash flows is to be read in conjunction with the notes to, and forming part of, the financial statements.

# **1 Background**

## **(a) Company and operations**

Sirius Capital CJSC (the “Company”) was registered by the Central Bank of the Republic of Armenia on 25 July 2023 under registration number 27.

The Company operates in accordance with the Constitution of the Republic of Armenia, the Civil Code of the Republic of Armenia, international treaties of the Republic of Armenia, other legal acts, and its charter.

The Company’s registered address is 26/1 Vazgen Sargsyan Street, area 812, Yerevan 0010, Republic of Armenia.

The Company provides its clients with the following main investments services:

- acceptance and transfer of orders of clients for the execution of transactions in securities,
- execution of transactions in securities on its own behalf or on behalf of the client and to the client’s account,
- provision of consultations to clients related to investments in securities,
- management of the portfolio of securities,
- execution of non-guaranteed allocation of securities.

The number of employees of the Company as at 31 December 2024 was 10 (2023: 6).

As at 31 December 2024 and 2023 the sole shareholder of the company is Beta FT LLC, with 100% shareholding (32,800 shares). The Company is ultimately controlled by a single individual, Ararat Mkrtchyan.

Related party transactions are detailed in Note 24.

## **(b) Armenian business environment**

The Company’s operations are primarily located in Armenia. Consequently, the Company is exposed to the economic and financial markets of Armenia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Armenia. Additionally, continuous military conflicts between Armenia and Azerbaijan eventually leading to Azerbaijan remaining in effective control of Nagorno-Karabakh territory in September 2023 and ongoing military conflict between the Russian Federation and Ukraine have increased the level of uncertainty in the business environment. The situation between Armenia and Azerbaijan continues to be tense due to ongoing disagreements regarding the delimitation of borders between Armenia and Azerbaijan.

The financial statements reflect management’s assessment of the impact of the Armenian business environment on the operations and the financial position of the Company. The future business environment may differ from management’s assessment.

## 2 Basis of preparation

### (a) Statement of compliance

The accompanying financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

### (b) Basis of measurement

The financial statements are prepared on the historical cost basis except for financial assets at fair value through profit or loss which are stated at fair value.

### (c) Functional and presentation currency

The functional currency of the Company is the Armenian Dram (AMD) as, being the national currency of the Republic of Armenia, it reflects the economic substance of the majority of underlying events and circumstances relevant to the Company. All financial information presented in AMD has been rounded to the nearest thousands, except when otherwise indicated.

The AMD is also the presentation currency for the purposes of these financial statements. The official CBA exchange rates are as follows:

| in AMD | Average rate |                                                                     | Reporting date spot rate |        |
|--------|--------------|---------------------------------------------------------------------|--------------------------|--------|
|        | 2024         | From 25 July 2023<br>(date of incorporation)<br>to 31 December 2023 | 2024                     | 2023   |
| USD 1  | 392.66       | 396.35                                                              | 396.56                   | 404.79 |
| EUR 1  | 424.88       | 427.71                                                              | 413.89                   | 447.90 |

### (d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in Note 16 – estimates of fair values of financial assets measured at fair value through profit or loss.

### **3 Changes in material accounting policies**

The Company has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective for these financial statements.

Certain amendments and interpretations apply for the first time in 2024, but do not have significant impact on the Company's financial statements and accounting policies.

### **4 Material accounting policies**

The accounting policies set out below are applied consistently to the period presented in the following financial statement.

#### **(a) Foreign currency**

Transactions in foreign currencies are translated to the AMD at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

#### **(b) Fee and commission income and expense**

The Company earns fee and commission income from a diverse range of services it provides to its customers, such as provision of brokerage, foreign exchange operations and custody services. The services commissions are accrued at a point in time at the moment the respective transaction is performed on behalf of the clients by applying contractually agreed fee rates to the total transaction values. Based on the nature of the fees and commissions, no contract assets and contract liabilities arise.

The Company's fee and commission expense mainly include agent fees and custody fees. Agent fees are calculated based on contractually agreed fee rates applied to the income earned by the Company from the services provided to clients introduced by agents. Consequently, acceptance acts are concluded between the Company and agents and agent fees are generally recognized monthly.

#### **(c) Cash and cash equivalents**

Cash and cash equivalents include current account balances in banks, claims on banks and other financial institutions.

**(d) Interest**

***Effective interest rate***

Interest income and expense are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset;
- the amortized cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

***Amortized cost and gross carrying amount***

The 'amortized cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' measured at amortized cost is the amortized cost of a financial asset before adjusting for any expected credit loss allowance.

***Calculation of interest income and expense***

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest.

***Presentation***

Interest income calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- interest on financial assets measured at amortised cost;
- interest on financial assets at FVTPL.

Interest expense presented in the statement of profit or loss and other comprehensive income includes financial liabilities measured at amortised cost and lease liabilities.

**(e) Financial assets and financial liabilities**

**(i) Classification**

***Financial assets***

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets – Subsequent measurement and gains and losses**

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest, foreign exchange and revaluation are recognised in profit or loss.

Financial assets at amortized cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss

**Financial liabilities – Classification, subsequent measurement and gains and losses**

The Company classifies its financial liabilities as measured at amortized cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

**Reclassification**

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Financial liabilities are not reclassified subsequent to their initial recognition.

**(ii) Derecognition**

**Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognized as a separate asset or liability.

In transactions in which the Company neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Company continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

**Financial liabilities**

The Company recognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

**(iii) Fair value measurement**

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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value on an instrument using the quoted price in an active market for that instrument. A market is regarded as “active” if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company measures instruments quoted in an active market at a mid-price, because this price provides a reasonable approximation of the exit price.

If there is no quoted price in active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

**(f) Repurchase agreements**

Securities sold under sale and repurchase (repo) agreements are accounted for as secured financing transactions, with the securities retained in the statement of financial position and the counterparty liability included in amounts payable under repo transactions. The difference between the sale and repurchase prices represents interest expense and recognized in profit or loss over the term of the repo agreement using the effective interest method.

**(g) Lease**

As a lessee, the Company recognizes the right to use the asset and the lease liability at the time of initial recognition of the lease agreement, except for low-value and short-term leases – the exceptions provided for in IFRS 16.

At the date of initial recognition, the Company measures the right-of-use asset at cost, including below mentioned elements:

- the cost of the initial recognition of the lease liability,
- the lease payments made prior to the recognition date, minus the effect of the incentive terms obtained by the lease line,
- initial direct costs incurred,
- an estimate of the cost to restore or dismantle the leased asset.

At the date of initial recognition, the Company measures the lease liability as the present value of the lease payments payable at that date. Lease payments are discounted at the rate assumed by the lease.

The Company leases two office spaces in same business centre. The leases of office space typically run for a period of 2-3 years.

**(h) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(i) Share capital**

**Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

**(j) Taxation**

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized within other comprehensive income or in equity.

**(i) Deferred tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plan of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority.

**(k) Comparative information**

During 2024 the Company refined the presentation format of its statement of cash flows. The revised format introduces clearer headings and subcategories, including more descriptive grouping of changes in operating assets and liabilities. Management believes that the revised format will improve understandability and presentation of the statement of cash flows.

Comparative figures for the year ended 31 December 2023 have been restated accordingly to conform with the current period's presentation.

The revised format has no impact on the total cash flows from operating, investing, or financing activities, nor on the Company's financial position or performance.

**(l) New standards and interpretations not yet adopted**

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

**(i) IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.

- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

**(ii) Other accounting standards**

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- Lack of Exchangeability (Amendments to IAS 21).
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

## 5 Interest income calculated using effective interest rate

|                                  | 2024<br>AMD'000 | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023<br>AMD'000 |
|----------------------------------|-----------------|---------------------------------------------------------------------------|
| Interest income from securities  | 21,926          | 13,261                                                                    |
| Interest income on bank accounts | 205             | 533                                                                       |
|                                  | <b>22,131</b>   | <b>13,794</b>                                                             |

## 6 Interest expense

|                                     | 2024<br>AMD'000 | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023<br>AMD'000 |
|-------------------------------------|-----------------|---------------------------------------------------------------------------|
| Interest expense on repo agreements | 4,412           | 9,351                                                                     |
| Interest expense on lease liability | 2,363           | 583                                                                       |
|                                     | <b>6,775</b>    | <b>9,934</b>                                                              |

## 7 Fee and commission income

|                                          | 2024<br>AMD'000 | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023<br>AMD'000 |
|------------------------------------------|-----------------|---------------------------------------------------------------------------|
| Commission from foreign currency trading | 105,784         | 680                                                                       |
| Commission from security trading         | 35,489          | -                                                                         |
| Other                                    | 1,734           | -                                                                         |
|                                          | <b>143,007</b>  | <b>680</b>                                                                |

The fee and commission income is generated mainly from security deals and exchange of currencies.

## 8 Fee and commission expense

|                   | 2024<br>AMD'000 | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023<br>AMD'000 |
|-------------------|-----------------|---------------------------------------------------------------------------|
| Agent fees        | 46,520          | -                                                                         |
| Bank commissions  | 6,347           | 809                                                                       |
| Other commissions | 2,981           | -                                                                         |
|                   | <b>55,848</b>   | <b>809</b>                                                                |

## 9 Net gain on financial instruments at fair value through profit or loss

|                                                                          | 2024<br>AMD'000 | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023<br>AMD'000 |
|--------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------|
| Net gain on trading of financial assets at FVTPL                         | 111,600         | 68                                                                        |
| Net (loss)/gain on fair value remeasurement of financial assets at FVTPL | (8,290)         | 13,502                                                                    |
|                                                                          | <b>103,310</b>  | <b>13,570</b>                                                             |

## 10 Net foreign exchange gain

|                                                   | 2024<br>AMD'000 | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023<br>AMD'000 |
|---------------------------------------------------|-----------------|---------------------------------------------------------------------------|
| Net gain/(loss) from foreign currency conversion  | 67,456          | (1,827)                                                                   |
| Net (loss)/gain from foreign currency revaluation | (10,835)        | 15,240                                                                    |
|                                                   | <b>56,621</b>   | <b>13,413</b>                                                             |

## 11 Personnel expenses

|                           | 2024<br>AMD'000 | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023<br>AMD'000 |
|---------------------------|-----------------|---------------------------------------------------------------------------|
| Compensation of employees | 121,157         | 6,346                                                                     |
| Vacation reserve          | 4,685           | 419                                                                       |
|                           | <b>125,842</b>  | <b>6,765</b>                                                              |

## 12 Other general administrative expenses

|                                               | 2024<br>AMD'000 | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023<br>AMD'000 |
|-----------------------------------------------|-----------------|---------------------------------------------------------------------------|
| Communication, marketing and related services | 20,529          | 235                                                                       |
| Professional services                         | 18,209          | 3,781                                                                     |
| Financial data provision services             | 9,440           | -                                                                         |
| Taxes other than on income                    | 7,950           | 336                                                                       |
| Other                                         | 13,222          | 209                                                                       |
|                                               | <b>69,350</b>   | <b>4,561</b>                                                              |

As of the end of the reporting period, the Company has an audit contract concluded for the audit of the year 2024, with an agreed audit fee of AMD 14.5 million.

## 13 Income tax expense

|                                                   | 2024<br>AMD'000 | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023<br>AMD'000 |
|---------------------------------------------------|-----------------|---------------------------------------------------------------------------|
| <b>Current tax expense</b>                        |                 |                                                                           |
| Current year                                      | 14,744          | -                                                                         |
|                                                   | <b>14,744</b>   | -                                                                         |
| <b>Deferred tax expense</b>                       |                 |                                                                           |
| Origination and reversal of temporary differences | (2,069)         | 840                                                                       |
| <b>Total tax expense</b>                          | <b>12,675</b>   | <b>840</b>                                                                |

## Reconciliation of effective tax rate for the year ended 31 December:

|                                                  | 2024          |              | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023 |               |
|--------------------------------------------------|---------------|--------------|----------------------------------------------------------------|---------------|
|                                                  | AMD'000       | %            | AMD'000                                                        | %             |
| Profit before income tax                         | 58,213        |              | 17,212                                                         |               |
| Income tax at applicable tax rate                | 10,478        | 18.0%        | 3,098                                                          | 18.0%         |
| Non-deductible expenses/<br>(non-taxable income) | 2,197         | 3.8%         | (2,258)                                                        | (13.1%)       |
|                                                  | <b>12,675</b> | <b>21.8%</b> | <b>840</b>                                                     | <b>(4.9%)</b> |

## Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| AMD'000                                | Assets       |              | Liabilities |                | Net          |              |
|----------------------------------------|--------------|--------------|-------------|----------------|--------------|--------------|
|                                        | 2024         | 2023         | 2024        | 2023           | 2024         | 2023         |
| Property and equipment                 | -            | -            | (13)        | -              | (13)         | -            |
| Right of use asset/<br>lease liability | -            | -            | (28)        | (168)          | (28)         | (168)        |
| Financial assets at FVTPL              | 351          | -            | -           | (2,438)        | 351          | (2,438)      |
| Vacation reserve                       | 919          | 75           | -           | -              | 919          | 75           |
| Tax loss carry forward                 | -            | 1,691        | -           | -              | -            | 1,691        |
|                                        | <b>1,270</b> | <b>1,766</b> | <b>(41)</b> | <b>(2,606)</b> | <b>1,229</b> | <b>(840)</b> |

## Movement in temporary differences during the year

|                                    | 1 January 2024 | Recognized in<br>profit or loss | 31 December 2024 |
|------------------------------------|----------------|---------------------------------|------------------|
| Property and equipment             | -              | (13)                            | (13)             |
| Right of use asset/lease liability | (168)          | 140                             | (28)             |
| Financial assets at FVTPL          | (2,438)        | 2,789                           | 351              |
| Vacation reserve                   | 75             | 844                             | 919              |
| Tax loss carry forward             | 1,691          | (1,691)                         | -                |
|                                    | <b>(840)</b>   | <b>2,069</b>                    | <b>1,229</b>     |

## 14 Cash and cash equivalents

|                      | <b>31 December 2024</b><br><b>AMD'000</b> | <b>31 December 2023</b><br><b>AMD'000</b> |
|----------------------|-------------------------------------------|-------------------------------------------|
| <b>Bank balances</b> |                                           |                                           |
| – rated Ba1-Ba3      | 449,894                                   | 427                                       |
| – rated B1-B3        | 1,486                                     | 12                                        |
| – not rated          | 16,386                                    | 1,098                                     |
|                      | <b>467,766</b>                            | <b>1,537</b>                              |

The Company uses credit ratings per Moody's rating system in disclosing credit quality of amounts of cash and cash equivalents. For not rated financial assets the Company has assessed the credit risk to approximate to external rating of B2 according to Moody's.

No cash and cash equivalents are past due. Cash and cash equivalents are fully in Stage 1 and measured at amortised cost as at 31 December 2024 and 2023. The Company's exposure to currency and credit risks is disclosed in Note 22.

## 15 Trade receivables

|                                             | <b>31 December 2024</b><br><b>AMD'000</b> | <b>31 December 2023</b><br><b>AMD'000</b> |
|---------------------------------------------|-------------------------------------------|-------------------------------------------|
| Receivable from other financial institution | 1,154,649*                                | 633                                       |
| Receivables from clients                    | 65,341                                    | 14,977                                    |
|                                             | <b>1,219,990</b>                          | <b>15,610</b>                             |

\* The receivable from other financial institution represents client funds held in the Company's account, which were placed under a repo agreement as of the end of the reporting period, with the Company acting at the request of the client. The maturity of the agreement was January 2025 and the balance was fully repaid and withdrawn subsequent to 31 December 2024.

The trade receivables balance is from not rated counterparties which per management's estimate approximate to Caa1 under Moody's rating system. No trade receivables are past due. Trade receivables are fully in Stage 1 and measured at amortized cost as at 31 December 2024 and 2023. Company's exposure to currency and credit risks is disclosed in Note 22.

## 16 Financial assets at fair value through profit or loss

|                                                             | Coupon rate<br>range | 31 December 2024<br>AMD'000 | 31 December 2023<br>AMD'000 |
|-------------------------------------------------------------|----------------------|-----------------------------|-----------------------------|
| <b>Government securities of<br/>the Republic of Armenia</b> | 8%-10.5%             | -                           | 651,352                     |
| <b>Corporate bonds of Armenian entity</b>                   |                      |                             |                             |
| – rated Ba2                                                 | 7.25%                | 52,355                      | -                           |
| <b>Equity instrument of US entity</b>                       |                      |                             |                             |
| – rated Aa3                                                 | n/a                  | 15,283                      | -                           |
| <b>Corporate bonds of Russian entity</b>                    |                      |                             |                             |
| – not rated                                                 | n/a                  | 4,133                       | -                           |
|                                                             |                      | <b>71,771</b>               | <b>651,352</b>              |

No financial assets at fair value through profit or loss are past due. The Company's exposure to currency and credit risks is disclosed in Note 22.

## 17 Trade payable

The total amount of trade payable represents client funds held in the Company's account, which were placed under a repo agreement as of the end of the reporting period, with the Company acting at the request of the client (Note 15).

## 18 Other liabilities

|                                   | 31 December 2024<br>AMD'000 | 31 December 2023<br>AMD'000 |
|-----------------------------------|-----------------------------|-----------------------------|
| Other liabilities to suppliers    | 164,972                     | 133                         |
| Payables to employees             | 28,000                      | -                           |
| Vacation reserve                  | 5,104                       | 419                         |
| Tax payables other than on income | 13,614                      | 684                         |
|                                   | <b>211,690</b>              | <b>1,236</b>                |

## 19 Right of use asset and lease liability

### (a) Leases as lessee

The Company leases office building. The lease contract is for ten years. The management estimates that the effective lease term aligns with the contract term.

#### (i) *Right-of-use assets*

|                                        | 31 December 2024<br>AMD'000 | 31 December 2023<br>AMD'000 |
|----------------------------------------|-----------------------------|-----------------------------|
| As at the beginning of the year/period | 14,124                      | -                           |
| Additions to right-of-use assets       | 17,578                      | 16,157                      |
| Depreciation charge for the period     | (9,184)                     | (2,033)                     |
| <b>As at the end of the year</b>       | <b>22,518</b>               | <b>14,124</b>               |

#### (ii) *Amounts recognised in statement of cash flows*

|                               | 2024<br>AMD'000 | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023<br>AMD'000 |
|-------------------------------|-----------------|---------------------------------------------------------------------------|
| Payments of lease liabilities | 8,401           | 3,005                                                                     |
| Interest paid                 | 2,363           | 546                                                                       |
|                               | <b>10,764</b>   | <b>3,551</b>                                                              |

#### (iii) *Lease liabilities*

|                                        | 31 December 2024<br>AMD'000 | 31 December 2023<br>AMD'000 |
|----------------------------------------|-----------------------------|-----------------------------|
| As at the beginning of the year/period | 13,189                      | -                           |
| Additions to lease liabilities         | 17,577                      | 16,157                      |
| Interest expense                       | 2,363                       | 583                         |
| Lease payments                         | (10,764)                    | (3,551)                     |
| <b>Balance at 31 December</b>          | <b>22,365</b>               | <b>13,189</b>               |

## 20 Reconciliation of movements of liabilities to cash flows arising from financing activities

| AMD'000                                        | Borrowings    | Lease liability |
|------------------------------------------------|---------------|-----------------|
| <b>Balance at 31 December 2023</b>             | <b>15,476</b> | <b>13,189</b>   |
| <b>Changes from financing cash flows</b>       |               |                 |
| Receipt                                        | 9,550         | -               |
| Repayments                                     | (25,026)      | (8,401)         |
| <b>Total changes from financing cash flows</b> | <b>15,476</b> | <b>4,788</b>    |
| <b>Other changes</b>                           |               |                 |
| Addition to lease liability                    | -             | 17,577          |
| Interest expense                               | -             | 2,363           |
| Interest paid                                  | -             | (2,363)         |
| <b>Balance at 31 December 2024</b>             | <b>-</b>      | <b>22,365</b>   |

| AMD'000                                        | Borrowings    | Lease liability |
|------------------------------------------------|---------------|-----------------|
| <b>Balance at 25 July 2023</b>                 | <b>-</b>      | <b>-</b>        |
| <b>Changes from financing cash flows</b>       |               |                 |
| Receipt                                        | 15,476        | -               |
| Repayments                                     | -             | (3,005)         |
| <b>Total changes from financing cash flows</b> | <b>15,476</b> | <b>(3,005)</b>  |
| <b>Other changes</b>                           |               |                 |
| Addition to lease liability                    | -             | 16,157          |
| Interest expense                               | -             | 583             |
| Interest paid                                  | -             | (546)           |
| <b>Balance at 31 December 2023</b>             | <b>15,476</b> | <b>13,189</b>   |

## 21 Share capital

### (a) Issued capital

As at 31 December 2024 and 2023 the authorized, issued and outstanding share capital comprises 32,800 ordinary shares with the nominal value of 10,000. All shares are fully paid.

### (b) Dividends

The Company's distributable reserves are determined based on the Company's financial statements prepared in accordance with International Financial Reporting Standards.

As at the end of the reporting period the Company has not declared dividend (2023: no dividend declared).

## **22 Risk management**

Management of risk is fundamental to the business and is an essential element of the Company's operations. The major risks faced by the Company are those related to market risk, credit risk and liquidity risk.

### **(a) Risk management policies and procedures**

The risk management policies aim to identify, analyze and manage the risks faced by the Company, to set appropriate risk limits and controls, and to continuously monitor risk levels and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions, products and services offered and emerging best practice.

The management has overall responsibility for the oversight of the risk management framework, overseeing the management of key risks and reviewing its risk management policies and procedures as well as approving significantly large exposures.

The management is also responsible for monitoring and implementing risk mitigation measures and ensuring that the Company operates within established risk parameters.

Both external and internal risk factors are identified and managed throughout the Company. Particular attention is given to identifying the full range of risk factors and determining the level of assurance over current risk mitigation procedures.

### **(b) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk, interest rate risk and other price risks. Market risk arises from open positions in interest rate and equity financial instruments, which are exposed to general and specific market movements and changes in the level of volatility of market prices and foreign currency rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The Company manages its market risk by setting open position limits in relation to financial instruments, interest rate maturity and currency positions and stop-loss limits. These are monitored on a regular basis and reviewed and approved by the Director.

#### **(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed 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 also reduce or create losses in the event that unexpected movements occur.

As at 31 December 2024 and 2023 the Company was not significantly exposed to interest rate risk.

**(ii) Currency risk**

The Company has assets and liabilities denominated in USD. Currency risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates.

The following tables shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2024.

|                           | USD<br>AMD'000 | EUR<br>AMD'000 | RUB<br>AMD'000   | Total<br>AMD'000 |
|---------------------------|----------------|----------------|------------------|------------------|
| <b>Assets</b>             |                |                |                  |                  |
| Cash and cash equivalents | 307,312        | 58,657         | 60,787           | 426,756          |
| Trade receivables         | 65,626         | -              | 1,154,348        | 1,219,974        |
| Financial assets at FVTPL | 67,639         | -              | 4,132            | 71,771           |
| <b>Total assets</b>       | <b>440,577</b> | <b>58,657</b>  | <b>1,219,267</b> | <b>1,718,501</b> |
| <b>Liabilities</b>        |                |                |                  |                  |
| Trade payables            | -              | -              | 1,154,348        | 1,154,348        |
| Other liabilities         | 134,374        | 27,858         | -                | 162,232          |
| <b>Total liabilities</b>  | <b>134,374</b> | <b>27,858</b>  | <b>1,154,348</b> | <b>1,316,580</b> |
| <b>Net position</b>       | <b>306,203</b> | <b>30,799</b>  | <b>64,919</b>    | <b>401,921</b>   |

The following tables shows the foreign currency exposure structure of financial assets and liabilities as at 31 December 2023.

|                           | USD<br>AMD'000 | Total<br>AMD'000 |
|---------------------------|----------------|------------------|
| <b>Assets</b>             |                |                  |
| Cash and cash equivalents | 1,116          | 1,116            |
| Financial assets at FVTPL | 334,906        | 334,906          |
| <b>Total assets</b>       | <b>336,022</b> | <b>336,022</b>   |
| <b>Liabilities</b>        |                |                  |
| <b>Total liabilities</b>  | <b>-</b>       | <b>-</b>         |
| <b>Net position</b>       | <b>336,022</b> | <b>336,022</b>   |

A reasonably possible strengthening (weakening) of the AMD against USD, EUR and RUB by 10% would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss before taxes by the amounts shown below. The analysis assumes that all other variables remain constant and ignores any impact of forecast sales and purchases.

| '000 AMD                     | <u>Strengthening</u> | <u>Weakening</u> |
|------------------------------|----------------------|------------------|
| <b>31 December 2024</b>      |                      |                  |
| AMD 10% movement against USD | (30,620)             | 30,620           |
| AMD 10% movement against EUR | (3,080)              | 3,080            |
| AMD 10% movement against RUB | (6,492)              | 6,492            |
| <b>31 December 2023</b>      |                      |                  |
| AMD 10% movement against USD | (33,602)             | 33,602           |

### (c) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty of a financial instrument fails to meet its contractual obligations. Financial assets, which are potentially subject to concentrations of credit risk, consist principally of financial assets measured at fair value through profit or loss, bank balances and receivables. Although collection of financial assets measured at fair value through profit or loss, bank balances and receivables could be influenced by economic factors, management believes that no counterparty will fail to meet its obligations and the Company is, accordingly, not significantly exposed to credit risk. Bank balances are maintained with reputable Armenian banks, and the Company does not expect any counterparty to fail to meet its obligations.

As at 31 December 2024, trade receivables were short-term in nature and not past due. The balance was fully collected subsequent to the reporting date in January 2025, indicating no significant credit risk associated with these receivables.

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

The portfolios for which external benchmark information represents a significant input into measurement of ECL which also represents the maximum exposure to credit risk from financial assets at the reporting date is as follows:

| AMD'000                       | <u>Exposure</u><br><u>31 December 2024</u> | <u>Exposure</u><br><u>31 December 2023</u> | <u>External benchmarks used</u><br><u>PD</u> | <u>PD</u>                   |
|-------------------------------|--------------------------------------------|--------------------------------------------|----------------------------------------------|-----------------------------|
| Cash and cash equivalents     | 467,766                                    | 1,537                                      | Moody's<br>ratings                           | Moody's<br>recovery studies |
| Trade receivables             | 1,219,990                                  | 15,610                                     | Moody's<br>ratings                           | Moody's<br>recovery studies |
| <b>Total maximum exposure</b> | <b>1,687,756</b>                           | <b>17,147</b>                              |                                              |                             |

**(d) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk exists when the maturities of assets and liabilities do not match. The matching and/or controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to liquidity management. It is unusual for financial institutions to be completely matched, since business transacted is often of an uncertain term and of different types. Unmatched position potentially enhances profitability but can also increase the risk of losses.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

The liquidity analysis for financial liabilities as at 31 December 2024 is as follows:

| AMD'000                        | On demand<br>and less than<br>1 month | From 1 to<br>12 months | From 1 to<br>5 years | Total gross<br>amount<br>outflow | Carrying<br>amount |
|--------------------------------|---------------------------------------|------------------------|----------------------|----------------------------------|--------------------|
| <b>31 December 2024</b>        |                                       |                        |                      |                                  |                    |
| Lease liability                | -                                     | 14,305                 | 11,226               | 25,531                           | 22,365             |
| Trade payables                 | 1,154,348                             | -                      | -                    | 1,154,348                        | 1,154,348          |
| Other liabilities to suppliers | 164,972                               | -                      | -                    | 164,972                          | 164,972            |
|                                | <b>1,319,320</b>                      | <b>14,305</b>          | <b>11,226</b>        | <b>1,344,851</b>                 | <b>1,341,685</b>   |

The liquidity analysis for financial liabilities as at 31 December 2023 is as follows:

| AMD'000                                     | On demand<br>and less than<br>1 month | From 1 to 12<br>months | From 1 to<br>5 years | Total gross<br>amount<br>outflow | Carrying<br>amount |
|---------------------------------------------|---------------------------------------|------------------------|----------------------|----------------------------------|--------------------|
| <b>31 December 2023</b>                     |                                       |                        |                      |                                  |                    |
| Amounts payable under repurchase agreements | 308,318                               | -                      | -                    | 308,318                          | 307,969            |
| Borrowings                                  | -                                     | -                      | 15,476               | 15,476                           | 15,476             |
| Lease liability                             | -                                     | 8,446                  | 8,323                | 16,769                           | 13,189             |
| Other liabilities                           | 1,236                                 | -                      | -                    | 1,236                            | 1,236              |
|                                             | <b>309,554</b>                        | <b>8,446</b>           | <b>23,799</b>        | <b>341,799</b>                   | <b>337,870</b>     |

The table below shows an analysis, by expected maturities, of amounts recognized in the statement of financial position as at 31 December 2024:

| <b>AMD'000</b>                 | <b>Demand and<br/>less than<br/>1 month</b> | <b>From<br/>1 to 12<br/>months</b> | <b>From<br/>1 to 5 years</b> | <b>More<br/>than 5 years</b> | <b>No<br/>maturity</b> | <b>Total</b>     |
|--------------------------------|---------------------------------------------|------------------------------------|------------------------------|------------------------------|------------------------|------------------|
| <b>ASSETS</b>                  |                                             |                                    |                              |                              |                        |                  |
| Cash and cash equivalents      | 467,766                                     | -                                  | -                            | -                            | -                      | 467,766          |
| Trade receivables              | 1,219,990                                   | -                                  | -                            | -                            | -                      | 1,219,990        |
| Investment securities at FVTPL | -                                           | 19,416                             | 52,355                       | -                            | -                      | 71,771           |
| Prepayments given              | -                                           | 8,588                              | -                            | -                            | -                      | 8,588            |
| Deffered tax asset             | -                                           | -                                  | -                            | -                            | 1,229                  | 1,229            |
| Property and equipment         | -                                           | -                                  | -                            | -                            | 1,195                  | 1,195            |
| Right of use asset             | -                                           | -                                  | -                            | -                            | 22,518                 | 22,518           |
| <b>Total assets</b>            | <b>1,687,756</b>                            | <b>28,004</b>                      | <b>52,355</b>                | <b>-</b>                     | <b>24,942</b>          | <b>1,793,057</b> |
| <b>LIABILITIES</b>             |                                             |                                    |                              |                              |                        |                  |
| Trade payables                 | 1,154,348                                   | -                                  | -                            | -                            | -                      | 1,154,348        |
| Lease liability                | -                                           | 12,755                             | 9,610                        | -                            | -                      | 22,365           |
| Current tax liability          | -                                           | 14,744                             | -                            | -                            | -                      | 14,744           |
| Other liabilities              | 211,690                                     | -                                  | -                            | -                            | -                      | 211,690          |
| <b>Total liabilities</b>       | <b>1,366,038</b>                            | <b>27,499</b>                      | <b>9,610</b>                 | <b>-</b>                     | <b>-</b>               | <b>1,403,147</b> |
| <b>Net position</b>            | <b>321,718</b>                              | <b>505</b>                         | <b>42,745</b>                | <b>-</b>                     | <b>24,942</b>          | <b>389,910</b>   |

The table below shows an analysis, by expected maturities, of amounts recognized in the statement of financial position as at 31 December 2023:

| <b>AMD'000</b>                              | <b>Demand and<br/>less than<br/>1 month</b> | <b>From<br/>1 to 12<br/>months</b> | <b>From<br/>1 to 5 years</b> | <b>More<br/>than 5 years</b> | <b>No<br/>maturity</b> | <b>Total</b>   |
|---------------------------------------------|---------------------------------------------|------------------------------------|------------------------------|------------------------------|------------------------|----------------|
| <b>ASSETS</b>                               |                                             |                                    |                              |                              |                        |                |
| Cash and cash equivalents                   | 1,537                                       | -                                  | -                            | -                            | -                      | 1,537          |
| Trade receivables                           | 15,610                                      | -                                  | -                            | -                            | -                      | 15,610         |
| Investment securities at FVTPL              | -                                           | 7,563                              | 308,883                      | 334,906                      | -                      | 651,352        |
| Property and equipment                      | -                                           | -                                  | -                            | -                            | 459                    | 459            |
| Right of use asset                          | -                                           | -                                  | -                            | -                            | 14,124                 | 14,124         |
| <b>Total assets</b>                         | <b>17,147</b>                               | <b>7,563</b>                       | <b>308,883</b>               | <b>334,906</b>               | <b>14,583</b>          | <b>683,082</b> |
| <b>LIABILITIES</b>                          |                                             |                                    |                              |                              |                        |                |
| Amounts payable under repurchase agreements | 307,969                                     | -                                  | -                            | -                            | -                      | 307,969        |
| Borrowings                                  | -                                           | -                                  | 15,476                       | -                            | -                      | 15,476         |
| Lease liability                             | -                                           | 6,000                              | 7,189                        | -                            | -                      | 13,189         |
| Deferred tax liability                      | -                                           | -                                  | -                            | -                            | 840                    | 840            |
| Other liabilities                           | 1,236                                       | -                                  | -                            | -                            | -                      | 1,236          |
| <b>Total liabilities</b>                    | <b>309,205</b>                              | <b>6,000</b>                       | <b>22,665</b>                | <b>-</b>                     | <b>840</b>             | <b>338,710</b> |
| <b>Net position</b>                         | <b>(292,058)</b>                            | <b>1,563</b>                       | <b>286,218</b>               | <b>334,906</b>               | <b>13,743</b>          | <b>344,372</b> |

**(e) Capital management**

The Company has no formal policy for capital management, but management seeks to maintain a sufficient capital base for meeting the Company's operational and strategic needs, and to maintain confidence of market participants. This is achieved with efficient cash management, constant monitoring of the Company's investment portfolio mainly financed by the Company's operating cash flows and loans and borrowings. With these measures the Company aims for steady profits growth.

According to the CBA regulation the minimum size of the total regulatory capital of the Company should not be less than AMD 1,000 thousand and total equity not less than AMD 300,000 thousand. The Company is in compliance with minimum capital requirement.

## **23 Contingencies**

**(a) Insurance**

The insurance industry in Armenia is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Company does not have full coverage for its assets, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on Company property or relating to Company operations.

**(b) Litigations**

The Company does not have litigations that may have a material effect on the Company's results of operations or financial position.

**(c) Taxation contingencies**

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

Transfer pricing legislation enacted in the Republic of Armenia starting from 1 January 2020. The legislation is effective for the financial year 2020 and onwards. The local transfer pricing rules are closer to OECD guidelines, but with uncertainty in practical application of tax legislation in certain circumstances.

Transfer pricing rules introduce an obligation for the taxpayers to prepare transfer pricing documentation with respect to controlled transactions and prescribe basis and mechanisms for accruing additional taxes and interest in case prices in the controlled transactions differ from the market level.

Transfer pricing rules apply to the transactions listed below, if the total amount of the controlled transaction exceeds AMD 200 million in the tax year:

- cross-border transactions between related parties;
- cross-border transactions with companies registered in offshore zones, regardless of being related party or not;
- certain in-country transactions between related parties, as determined under the Armenian Tax Code.

Since there is no practice of applying the transfer pricing rules by the tax authorities and courts, it is difficult to predict the effect of the new transfer pricing rules on these financial statements.

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

## 24 Related party transactions

### (a) Control relationships

The Company's sole shareholder as at 31 December 2024 and 2023 is Beta FT LLC. The shareholder company does not have publicly available financial statements.

### (b) Transactions with the related parties

The outstanding balances and average effective interest rates as at 31 December 2024 and 2023 for transactions with the related parties are as follows:

|                                            | 31 December 2024<br>AMD'000 | 31 December 2023<br>AMD'000 |
|--------------------------------------------|-----------------------------|-----------------------------|
| <b>Statement of financial position</b>     |                             |                             |
| Borrowings from sole shareholder           | -                           | (15,476)                    |
| Receivable from ultimate controlling party | -                           | 14,977                      |

### (c) Transactions with key management

Total remuneration of key management included in personnel expenses is as follows:

|                              | 2024<br>AMD'000 | 25 July 2023<br>(date of incorporation)<br>to 31 December 2023<br>AMD'000 |
|------------------------------|-----------------|---------------------------------------------------------------------------|
| Short-term employee benefits | 30,636          | 626                                                                       |

## 25 Financial assets and liabilities: fair values and accounting classifications

The Company measures fair values using the following fair value hierarchy which reflects the significance of the inputs used in making the measurements:

- Level 1: quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: inputs other than quotes prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 31 December 2024 fair values for financial instruments such as trade receivables, trade payables and other liabilities to suppliers approximate their carrying amounts due to their short-term nature. The Company used discounted cash flow technics for the determination of the fair values of such instruments.

The table below analyses financial instruments carried at fair value as at 31 December 2024, by level of fair value hierarchy. The amounts are based on the values recognised in the statement of financial position.

| AMD'000                        | Level 1       | Level 2       | Level 3  | Total         |
|--------------------------------|---------------|---------------|----------|---------------|
| Investment securities at FVTPL | 15,283        | 56,488        | -        | 71,771        |
| <b>Total carrying amount</b>   | <b>15,283</b> | <b>56,488</b> | <b>-</b> | <b>71,771</b> |

The table below analyses financial instruments carried at fair value as at 31 December 2023, by level of fair value hierarchy.

| AMD'000                        | Level 1  | Level 2        | Level 3  | Total          |
|--------------------------------|----------|----------------|----------|----------------|
| Investment securities at FVTPL | -        | 651,352        | -        | 651,352        |
| <b>Total carrying amount</b>   | <b>-</b> | <b>651,352</b> | <b>-</b> | <b>651,352</b> |

The estimates of fair value are intended to approximate 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. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realizable in an immediate sale of the assets or transfer of liabilities.