

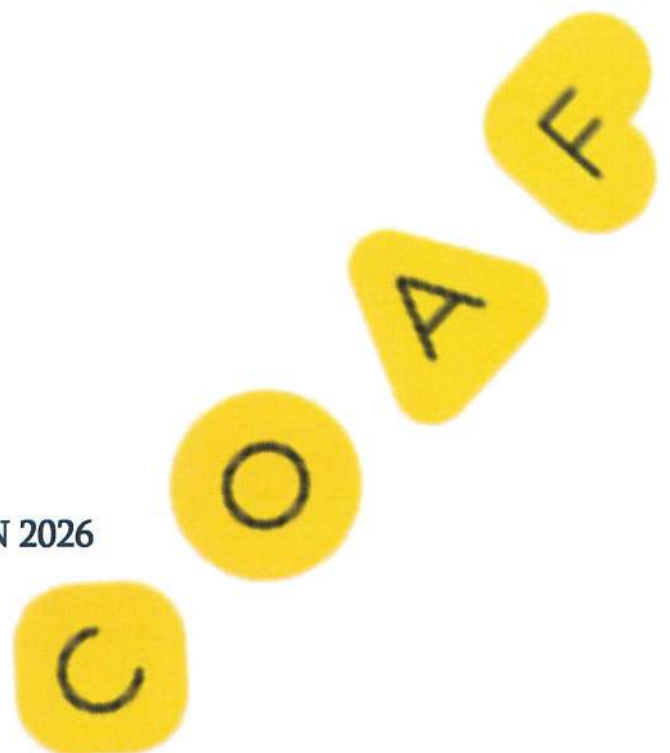
“CHILDREN OF ARMENIA”

CHARITABLE FUND

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT

31 DECEMBER 2025

YEREVAN 2026



CONTENTS

INDEPENDENT AUDITOR'S REPORT	3
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF ACTIVITIES	6
STATEMENT OF CHANGES IN NET ASSETS	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9

5.06.2026
N022606



CONFIRMED BY

Vahe Gevorgyan

*Baker Tilly Armenia CJSC
General Director*

INDEPENDENT AUDITOR'S REPORT

To the Trustees of the "Children of Armenia" Charitable Fund

Opinion

We have audited the financial statements of the "Children of Armenia" Charitable Fund, which comprise the statement of financial position as of 31 December 2025, and the statement of activities, changes in net assets, and cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of 31 December 2025, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

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

Responsibility 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 IFRSs, 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and preparing the financial

statements on the going concern basis unless management either intends to liquidate the Fund, cease its operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in 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 skepticism throughout the audit. We also,

- Identify and assess the risks of material misstatement of the [consolidated] financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund 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, as well as significant findings from the audit, including any significant deficiencies in internal control that we identify during our audit.

Sedrak Badalyan

Auditor

5 June 2026

STATEMENT OF FINANCIAL POSITION

In thousand drams

	Note	As of 31 December 2025	As of 31 December 2024
Assets			
<i>Non-current assets</i>			
Property and equipment	4	7,348,102	5,745,397
Intangible assets		32,976	16,144
Right-of-use asset	5	122,548	-
Deferred tax assets	6	955	174
Prepayments for acquisition of non-current Assets		3,545	2,595
		<u>7,508,126</u>	<u>5,764,310</u>
<i>Current assets</i>			
Inventories	7	31,809	457,959
Trade and other receivables	8	141,992	134,962
Banks deposits	9	2,116,902	2,048,591
Borrowings provided		4,809	4,809
Cash and bank balances	10	270,668	392,365
		<u>2,566,180</u>	<u>3,038,686</u>
Total assets		<u>10,074,306</u>	<u>8,802,996</u>
Liabilities and net assets			
<i>Non-current liabilities</i>			
Grants related to assets	11	7,460,451	5,742,037
Lease liabilities	12	88,440	-
		<u>7,548,891</u>	<u>5,742,037</u>
<i>Current Liabilities</i>			
Lease liabilities	12	38,506	-
Loans and borrowings		-	3,000
Trade and other payables	13	82,318	141,538
Income tax liabilities		33,018	13,663
Grants related to income	14	2,162,379	2,852,612
		<u>2,316,221</u>	<u>3,010,813</u>
<i>Reserves</i>			
Retained Earnings		209,194	50,146
		<u>209,194</u>	<u>50,146</u>
Total liabilities and reserves		<u>10,074,306</u>	<u>8,802,996</u>

The financial statements were approved on 5 June 2026 by:

Liana Ghaltaghchyan

Chief Executive Officer

Nvard Karapetyan

Chief Financial Officer, "T Account" LLC

NOTES 1 TO 26 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

STATEMENT OF ACTIVITIES

In thousand drams

	Note	Year ended 31 December 2025	Year ended 31 December 2024
Revenue from sales	15	291,125	249,848
Cost of sales		(76,343)	(69,132)
Gross profit		214,782	180,716
Income from grants	16	3,254,251	2,615,223
Program expenses	17	(3,254,251)	(2,226,649)
		214,782	569,290
Other income		39,213	20,789
Distribution and marketing expenses	18	(213,720)	(166,168)
General and administrative expenses		(48,163)	(406,622)
Other expenses		2,425	1,202
Finance income	19	201,850	50,006
		196,387	68,497
Income tax expense	20	(37,339)	(14,827)
		159,048	53,670

NOTES 1 TO 26 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS

In thousand drams	Retained earnings	Total
As of 1 January 2024	(3,524)	(3,524)
Result for the year	53,670	53,670
Total comprehensive income for the year	53,670	53,670
As of 31 December 2024	50,146	50,146
Result for the year	159,048	159,048
Total comprehensive income for the year	159,048	159,048
As of 31 December 2025	209,194	209,194

NOTES 1 TO 26 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

In thousand drams

	Year ended 31 December 2025	Year ended 31 December 2024
Cash flows from operating activities		
Profit/(loss) for the year	159,048	53,670
<i>Adjustments for:</i>		
Depreciation and amortization	426,578	335,866
Loss on disposal of property and equipment	4,110	199,330
Expense on income tax	37,339	14,827
Financial income	(201,850)	(50,006)
Income from grants	(3,254,251)	(2,615,223)
Other financial results	(2,425)	(1,202)
	<u>(2,831,451)</u>	<u>(2,062,738)</u>
<i>Changes in the following items:</i>		
Inventories	426,150	(6,774)
Accounts receivable	(7,015)	(36,731)
Bank deposits	129,363	(1,871,500)
Accounts payable	(59,282)	18,810
<i>Cash used in operations</i>	<u>(2,342,235)</u>	<u>(3,958,933)</u>
Income tax paid	(18,765)	(1,721)
<i>Net cash used in operating activities</i>	<u>(2,361,000)</u>	<u>(3,960,654)</u>
<i>Cash flows from investing activities</i>		
Acquisition of property and equipment	(1,083,632)	(1,570,949)
Borrowings provided	-	1,698
Interest received	4,176	5,469
Grants received	3,192,341	5,568,172
<i>Net cash generated from investing activities</i>	<u>2,112,885</u>	<u>4,004,390</u>
<i>Cash flows from financing activities</i>		
Borrowings received	(3,000)	12,000
Lease liability	126,941	-
Repayments of borrowings	-	(9,000)
<i>Net cash generated from financing activities</i>	<u>123,946</u>	<u>3,000</u>
<i>Net increase/(decrease) in cash and bank balances</i>	(124,169)	46,814
Foreign exchange effect on cash	2,472	1,346
Cash and bank balances at the beginning of the year (see note 10)	392,365	344,205
Cash and bank balances at the end of the year (see note 10)	<u>270,668</u>	<u>392,365</u>

NOTES 1 TO 26 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

“Children of Armenia” Charitable Fund (the “Fund”) was established in 2003.

The objective of the Fund is to provide support in the fields of child welfare, healthcare and education in Armenia through the implementation of healthcare, educational, infrastructural, economic development and social programs.

The average number of employees of the Fund in 2025 was 153 (2024: 169).

The legal address of the Fund is 2/2 Melik-Adamyan Street, Yerevan 0001, Republic of Armenia.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on the assumption that the Fund operates as a going concern.

2.2 Basis of measurement

The financial statements have been prepared on an accrual basis (except for the statement of cash flows) and using the historical cost method.

2.3 Functional and presentation currency

The functional currency of the Fund is the Armenian dram (AMD), which is also the national currency of the Republic of Armenia, as it most faithfully represents the economic substance of the underlying events and transactions of the Fund.

These financial statements are presented in Armenian drams (unless otherwise stated), as the management believes this currency provides more useful information to the users of the financial statements. All financial information presented in drams has been rounded to the nearest thousand.

2.4 Use of estimates and judgment

The preparation of financial statements in accordance with IFRS requires the Fund’s management to make significant judgments and assumptions that affect the reported amounts of assets and liabilities at the financial statement date, as well as the reported amounts of income and expenses for the reporting year. The areas that involve the most significant judgments and complexities, or where assumptions and estimates are material to the financial statements, are disclosed in Note 23 to the financial statements.

2.5 Adoption of new and revised standards

During the current year, the Fund has adopted all new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) that are effective for periods beginning on or after 1 January 2025, and are relevant to its operations.

The nature and impact of these changes are disclosed below.

New and Revised Standards and Interpretations Applicable for Annual Periods Beginning on or After 1 January 2025

The following new standards and amendments, which were first applied in 2025, have not had any material impact on the Fund’s financial statements:

- “Amendments to IFRS 17 Insurance Contracts”, including the extension of the temporary exemption from IFRS 9 (Amendments to IFRS 4)
- “Deferred Tax on Assets and Liabilities Arising from a Single Transaction” (Amendments to IFRS 12)
- Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments to IFRS 17)
- “Determining Accounting Estimates” (Amendments to IFRS 8)
- “Disclosure of Accounting Policies” (Amendments to IFRS 1 and IFRS Practical Application 2)
- “International Tax Reforms – Pillar 2 Rules” (Amendments to IFRS 12).

Except for the amendments to IAS 1 and the amendments to IFRS Practical Application 2, “Disclosure of Accounting Policies,” presented below, other standards and amendments did not have a significant impact on the Fund’s financial statements.

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

IFRS 7 Financial Instruments: Disclosures - Disclosures

The amendment to IFRS 7 requires disclosure of other comprehensive income and expenses from fair value remeasurements of equity instruments measured at fair value through other comprehensive income, separately for the portion that relates to assets derecognized in the current period.

It is also required to separately disclose for financial assets and liabilities measured at amortized cost, as well as for financial assets measured through mandatory other comprehensive income, those contractual terms that may change the amounts and timing of contractual cash flows and that are contingent events and are not directly related to changes in the risk and value of the underlying debt agreement.

This amendment to IFRS 7 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 Financial Instruments: Measurement of Trade Receivables

The amendment to IFRS 9 clarifies that trade receivables shall be measured at the time of recognition at the amount determined by applying the accounting standard IFRS 15 Revenue from Contracts with Customers. This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 Financial Instruments: Derecognition of Lease Liabilities

The amendment to IFRS 9 clarifies that the requirement to recognize in profit or loss the difference between the carrying amount and the consideration paid upon derecognition of financial liabilities shall also apply to lease liabilities.

This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 Financial Instruments: Derecognition of Financial Liabilities Settled through Electronic Payment System

According to the amendment to IFRS 9, in case of settlement of financial liabilities through an electronic payment system, the liability may be derecognized at the time of payment, if the entity cannot cancel, stop or recall the payment, use those funds and the risk associated with the payment system is insignificant.

This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IFRS 9 Financial Instruments: Flows of financial assets with a contingent characteristic as solely payments of principal and interest calculated on the outstanding principal amount.

According to the amendment to IFRS 9, the condition for the flows to be considered solely as payments of principal and interest on the outstanding principal is met for a financial asset if the flows of the asset are contingent (for example, dependent on the volume of greenhouse gases emitted), the contractual flows before and after the revision correspond to the characteristics of the underlying credit agreement, and the revision of the flows is related to the underlying credit risk or the revised flows do not differ significantly from the flows of a similar financial asset in the market.

This amendment to IFRS 9 is effective for annual periods beginning on or after 1 January 2026.

IAS 21 The Effects of Changes in Foreign Exchange Rates: Restatement in the Currency of a Hyperinflationary Economy.

According to the revision to IAS 21 if the presentation currency is the currency of a hyperinflationary economy and the functional currency is not, then the financial statements (the results and financial position of the foreign operation), including comparative figures, should be recalculated at the closing exchange rate of the most recent reporting period presented.

This amendment to IAS 21 is effective for annual periods beginning on or after 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements, Amendments to IAS 7 Statement of Cash Flows Accounting Standard

In 2024 IFRS 18 accounting standard on presentation of financial statements was issued and has replaced IAS 1 Presentation of Financial Statements.

The content of the financial statement (previous statement of profit or loss and other comprehensive income) has undergone a significant change, requiring the presentation of income and expenses per operating, investing, financing, income tax and discontinued operations sections.

IFRS 18 does not allow interest and dividend payments to be classified as operating cash flows in the statement of cash flows. Also, when preparing the statement of cash flows using the indirect method, the starting point is profit or loss from operating activities.

IFRS 18 and the respective amendments to IAS 7 are effective for annual periods beginning on or after 1 January 2027.:

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 was issued in 2024, allowing non-public entities that are also subsidiaries of an entity that reports financial statements in accordance with IFRS to provide fewer disclosures than required by other IFRSs.

The application of IFRS 19 is not mandatory and an entity that meets the specified conditions may apply it in one reporting period and refuse to apply it in another period.

IFRS 19 is effective for annual periods beginning on or after 1 January 2027.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Foreign currencies

Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the Central Bank of Armenia (CBA) prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Armenia prevailing on the reporting date, which is 381.36 drams for 1 US dollar, 449.01 drams for 1 euro as of 31 December 2025 (31 December 2024: 396.56 drams for 1 US dollar, 413.89 drams for 1 euro). Non-monetary items are not retranslated and are measured at historic cost.

Exchange differences arising from foreign currency transactions, as well as from the recalculation of monetary items denominated in foreign currencies, are recognized in profit or loss for the period.

3.2 Property and equipment

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

Property in the course of construction for production, rental, or administrative purposes, or for purposes not yet determined, is carried at cost less any recognized impairment loss. Cost includes directly attributable costs, site preparation, installation and assembly costs, professional fees, and, for qualifying assets, borrowing costs capitalized in accordance with the Fund's accounting policy. Buildings intended for lease are also included in property and equipment if they are held under a finance lease agreement. Such assets

are depreciated over their expected useful life (determined on the same basis as owned assets) or over the lease term, if shorter.

Property under construction for production, rental, or administrative purposes, or for purposes not yet determined, is carried at cost less any recognized impairment loss. Cost includes directly attributable costs, site preparation, installation and assembly costs, professional fees, and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Buildings intended for rental are also included in property and equipment if they are held under a finance lease agreement. Such assets are depreciated over their expected useful life (determined on the basis of comparable owned assets) or over the lease term, whichever is shorter.

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

The cost of replacing a component of an item of property and equipment accounted for as a separate asset is capitalized against the carrying amount of the replaced component. Other subsequent expenditure is capitalized only if future economic benefits will flow from this expenditure. All other expenditures, including repair and maintenance costs, are recognized in profit or loss as incurred.

Depreciation is recognized in profit or loss using the straight-line method over the estimated useful life of each part of an item of property and equipment. Depreciation begins when the assets are available for use.

3.3 Intangible assets

Intangible assets acquired by the Fund that have finite useful lives are carried at cost less accumulated amortization and impairment losses.

Amortization is recognized in profit or loss using the straight-line method over the estimated useful lives of intangible assets, which is 10 years for accounting software.

3.4 Impairment of property and equipment and intangible assets

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

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

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

3.5 Leased Assets

The Fund as a Lessee

The Fund enters into lease agreements primarily for office space. The lease agreement for the office space is concluded for a term of 4 years, with an option for further extension. The Fund does not enter into sale and leaseback transactions. All lease agreements are negotiated on an individual basis and contain various terms and conditions, such as purchase options and escalation clauses.

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

Recognition and measurement of leases as a Lessee

At the commencement date of the lease, the Fund recognizes a right-of-use asset and a lease liability in its statement of financial position. The right-of-use asset is measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Fund, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease term, and any lease payments made at or before the commencement date (less any lease incentives received).

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

At the commencement date, the Fund measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Fund's incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and payments arising from options whose exercise is reasonably certain.

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

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

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

3.6 Inventories

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

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is based on the first-in, first-out (FIFO) principle and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

3.7 Financial instruments

Recognition and derecognition

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

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards of ownership are transferred to a third party.

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

Classification and initial measurement of financial assets

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

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

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

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income, or other financial results, except for impairment of trade receivables, which is presented within other expenses. The Fund's financial assets by category are disclosed in Note 20.

Subsequent measurement of financial assets

Financial assets at amortized cost

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

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

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The Fund's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Trade and other receivables

The Fund accounts for trade and other receivables using the simplified approach and recognizes a loss allowance based on the expected credit losses over the lifetime of the asset. These represent the expected shortfalls in contractual cash flows, taking into account the possibility of default at any time during the life of the financial asset. When calculating expected credit losses, the Fund uses a provision matrix based on historical experience, external indicators, and forward-looking information.

The Fund assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Cash and cash equivalents

Cash and bank balances include cash on hand and balances in bank accounts.

For the purpose of the cash flow statement, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Fund classifies investments as cash equivalents when they are readily convertible to known amounts of cash and their value is subject to an insignificant risk of change.

Classification and measurement of financial liabilities

The Fund's financial liabilities include loans and borrowings, trade and other payables, and lease liabilities. The Fund's financial liabilities, classified by category, are presented in Note 20.

Loans and borrowings

Loans and borrowings are initially recognized at fair value, excluding transaction costs. The difference between the fair value and the nominal amount is recognized in profit or loss, except in cases where the borrowing is obtained from the owners. In such cases, the difference between the fair value and the nominal amount is recognized in equity as additional paid-in capital. After initial recognition, loans and borrowings are measured at amortized cost, and the difference between this amount and the redemption value is recognized in profit or loss over the term of the borrowing using the effective interest rate method. Interest expenses and other costs related to borrowings are expensed as incurred as part of finance costs, except for borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset, which are capitalized as part of the cost of that asset.

Trade and other payables

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

3.8 Grants

A grant is not recognized until there is reasonable assurance that the Fund will comply with all attached conditions and that the grant will be received.

Grants whose primary condition is the purchase, construction, or acquisition of non-current assets by the Fund are recognized in the statement of financial position as deferred income and systematically released to profit or loss over the useful life of the related asset.

Other government grants are recognized on a systematic basis as income over the periods in which the related expenses, for which the grants are intended to compensate, are incurred. A government grant that is provided to the Fund as compensation for expenses or losses already incurred, or as urgent financial assistance without the need for future related expenses, is recognized as income in the period in which it becomes receivable.

3.9 Provisions

A provision is recognized in the statement of financial position when the Fund has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, the provision is measured by discounting the expected future cash outflows using a pre-tax discount rate that reflects current market assessments of the time value of money and, where applicable, the risks specific to the liability.

3.10 Income tax

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

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their respective tax bases used for tax purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would arise from the manner in which the Fund expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

3.11 Employee benefits

Short-term employee benefits are those benefits that are expected to be settled wholly within twelve months after the end of the annual reporting period during which the employees have rendered the related service. These include:

- (a) wages and salaries,
- (b) paid annual leaves and paid disability leaves.

Paid absences

Expected expenses for short-term employee benefits in the form of paid absences are recognized as follows:

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

Bonuses

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

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

3.12 Revenue and sales income

Revenue is primarily generated from providing hotel services and the sale of educational textbooks.

To determine whether revenue should be recognized, the Fund follows a five-step process:

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

Revenue from grants

The policy for recognizing this income is presented in note 3.7.

4 PROPERTY AND EQUIPMENT

In thousand drams

	Land, buildings and constructions	Machinery and equipment	Vehicles, property and others	Construction in progress, leasehold improvements	Total
<i>Cost</i>					
as of 1 January 2024	4,370,091	648,792	728,323	203,740	5,950,946
Additions	97,643	105,424	12,600	1,355,282	1,570,949
Disposals	-	(7,302)	-	(199,746)	(207,048)
as of 31 December 2024	4,467,734	746,914	740,923	1,359,276	7,314,847
Additions	1,676,019	15,200	271,422	27,305	1,989,946
Disposals	-	(15,464)	(14,732)	-	(30,196)
as of 31 December 2025	6,143,753	746,650	997,613	1,386,581	9,274,597
<i>Accumulated depreciation</i>					
as of 1 January 2024	506,014	350,500	309,910	76,654	1,243,078
Charge for the year	150,101	75,466	28,173	80,350	334,090
Eliminated on disposal	-	(7,180)	-	(538)	(7,718)
as of 31 December 2024	656,115	418,786	338,083	156,466	1,569,450
Charge for the year	162,313	76,405	127,774	16,639	383,131
Eliminated on disposal	-	(14,406)	(11,680)	-	(26,086)
as of 31 December 2025	818,428	480,785	454,177	173,105	1,926,495
<i>Carrying amount</i>					
as of 31 December 2024	3,811,619	328,128	402,840	1,202,810	5,745,397
as of 31 December 2025	5,325,325	265,865	543,436	1,213,476	7,348,102

During 2025, within the framework of the “Goris Community Development” project, the Fund received land plots in the Goris region with a total area of 57.76 hectares as a donation from the Goris Municipality of the Republic of Armenia. Deferred income from assets-related grants was recognized in the amount of 1,090,088 thousand drams, representing the market value of the land plots (see Note 11).

Depreciation expense of property and equipment was allocated to selling expenses in the amount of 2,361 thousand drams and to project expenses in the amount of 380,770 thousand drams (2024: 1,832 thousand drams to selling expenses and 332,258 thousand drams to project expenses).

As of the reporting date, the property and equipment of the Fund are not pledged.

5 RIGHT-OF-USE ASSETS

In thousand drams

	<u>Office premises</u>
<i>Cost</i>	
as of 1 January 2025	-
Additions	160,896
as of 31 December 2025	<u>160,896</u>
<i>Accumulated Depreciation</i>	
as of 1 January 2025	-
Charge for the year	38,348
as of 31 December 2025	<u>38,348</u>
<i>Carrying amount</i>	
as of 31 December 2025	<u>122,548</u>

The Fund leases office space located at 2/2 Melik-Adamyan Street, Yerevan.

Depreciation expense of right-of-use assets was allocated to project expenses in the amount of 38,348 thousand drams.

6 DEFERRED TAX ASSETS

In thousand drams	<u>2025</u>	<u>2024</u>
Opening balance	174	-
Credit recognized in profit or loss (see Note 20)	781	174
Closing balance	<u>955</u>	<u>174</u>

Deferred taxes for the year ended 31 December 2025 are summarized as follows:

In thousand drams	1 January 2025	Recognized in profit or loss	31 December 2025
<i>Deferred tax assets</i>			
Employee benefits	174	(9)	165
Lease liabilities	-	22,849	22,849
	<u>174</u>	<u>22,840</u>	<u>23,014</u>
<i>Deferred tax liabilities</i>			
Right-of-use assets	-	(22,059)	(22,059)
	<u>-</u>	<u>(22,059)</u>	<u>(22,059)</u>
Net deferred tax assets	<u>174</u>	<u>781</u>	<u>955</u>

7 INVENTORIES

In thousand drams

	As of 31 December 2025	As of 31 December 2024
Finished goods	377	598
Construction in progress	-	432,781
Goods designated for donation	12,293	14,326
Raw materials	10,681	8,372
Fuel	8,458	1,882
	<u>31,809</u>	<u>457,959</u>

The inventories of the Fund are not pledged.

8 TRADE AND OTHER RECEIVABLES

In thousand drams

	As of 31 December 2025	As of 31 December 2024
<i>Financial assets</i>		
Trade receivables	2,640	4,453
	<u>2,640</u>	<u>4,453</u>
<i>Non-financial assets</i>		
Advances paid	114,218	115,088
Receivables from the State budget	487	1,481
Grants receivable	24,647	13,940
	<u>139,352</u>	<u>130,509</u>
	<u>141,992</u>	<u>134,962</u>

9 BANK DEPOSITS

In thousand drams	Contract signing date	Maturity date	Contract Interest rate	As of 31 December 2025			As of 31 December 2024		
				Principal amount	Accrued interest	Financial income 2025	Principal amount	Accrued interest	Financial income 2024
	“Ameriabank” CJSC	30.09.2024	7.6%	-	-	-	-	-	2,997
	“Ameriabank” CJSC	7.02.2025	9.6%	-	-	749	77,000	6,663	6,663
	“Ameriabank” CJSC	29.10.2026	9.6%	1,546,000	26,024	148,416	1,546,000	26,024	26,024
	“Ameriabank” CJSC	30.10.2024	9.6%	386,500	6,404	37,104	386,500	6,404	6,404
	“Ameriabank” CJSC	24.07.2023	6.5%	-	-	-	-	-	374
	“Ameriabank” CJSC	17.12.2023	7.5%	-	-	-	-	-	422
	“Ameriabank” CJSC	16.12.2022	9.5%	-	-	-	-	-	-
	“Ameriabank” CJSC	11.08.2025	8.8%	70,000	856	5,090	-	-	-
	“Ameriabank” CJSC	7.02.2025	8.8%	80,000	1,118	6,315	-	-	-
				<u>2,082,500</u>	<u>34,402</u>	<u>197,674</u>	<u>2,009,500</u>	<u>39,091</u>	<u>42,884</u>

10 CASH AND BANK BALANCES

In thousand drams

	As of 31 December 2025	As of 31 December 2024
Cash on hand	1,217	665
Bank balances	268,172	389,471
Cash in transit	1,279	2,229
	<u>270,668</u>	<u>392,365</u>

See Note 24 for the currency disclosure of cash on hand and bank balances.

11 GRANTS RELATED TO ASSETS

In thousand drams

	2025	2024
Opening balance	5,742,037	4,736,985
Funds received during the year	1,090,091	172,400
Additions from income-related grants	1,052,782	1,166,846
Disposals during the year	(424,459)	(334,194)
Closing balance	<u>7,460,451</u>	<u>5,742,037</u>

During 2025, within the framework of the “Goris Community Development” program, the Fund received land plots in the Goris region with a total area of 57.76 hectares as a donation from the Goris Community of the Republic of Armenia. The market value of these land plots amounted to 1,090,088 thousand drams. The land plots are intended to be used in the coming years for the construction of a new SMART Center.

12 LEASE LIABILITIES

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

In thousand drams

	As of 31 December 2025	As of 31 December 2024
Current	38,506	-
Non-current	88,440	-
	<u>126,946</u>	<u>-</u>

The Fund has leased office and parking spaces. Except for short-term leases and leases of low-value assets, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. The Fund classifies right-of-use assets separately from its own property and equipment (see Note 5).

Each lease imposes a restriction that the right-of-use asset can only be used by the Fund, unless there is a contractual right to transfer the asset to another party. Leases are either non-cancellable or may be cancelled only by incurring a significant termination fee. Some leases contain options to purchase the underlying asset directly at the end of the lease term or to extend the lease term. The Fund is prohibited from selling

or pledging the underlying asset. The Fund is required to maintain the leased office and parking spaces in good condition (renovated) and return the property to its original state at the end of the lease.

Lease liabilities are secured by the related underlying assets. Future minimum lease payments as of 31 December 2025 are reflected below:

In thousand drams	Minimum lease payments	
	As of 31 December 2025	As of 31 December 2024
<i>Within one year</i>		
Lease payments	51,684	-
Finance costs	(13,178)	-
	<u>38,506</u>	<u>-</u>
<i>Between two and four years</i>		
Lease payments	99,061	-
Finance costs	(10,621)	-
	<u>88,440</u>	<u>-</u>
Net Present Value	<u>126,946</u>	<u>-</u>

13 TRADE AND OTHER PAYABLES

In thousand drams

	As of 31 December 2025	As of 31 December 2024
Payables for acquisition of non-current assets	-	23,001
Provision for construction contract warranties	22,264	53,488
Payables for acquisition of inventories	1,991	2,083
Provision for unused vacation	24,835	17,742
Tax and other payables to the budget	2,013	2,449
Payables for services received	28,462	42,383
Other	2,753	392
	<u>82,318</u>	<u>141,538</u>

Trade payables are non-interest bearing. The Fund has financial risk management policies in place to ensure that all liabilities are settled on a timely basis. More detailed information regarding the Fund's foreign currency risk is presented in Note 24.

14 GRANTS RELATED TO INCOME

In thousand drams

	As of 31 December 2025	As of 31 December 2024
Opening balance	2,852,534	904,637
Funds received during the year	3,173,425	5,376,416
Grant refund	-	(960)
Grants receivable	18,994	20,316
Transfers to grants related to assets (see Note 9)	(1,052,782)	(1,166,846)
Disposals during the year	(2,829,792)	(2,281,029)
Closing balance	<u>2,162,379</u>	<u>2,852,534</u>

Funds received from donors during the year are presented below:

In thousand drams

	2025	2024
Children of Armenia Fund, New York	2,949,255	5,165,757
Children of Armenia Fund, Canada	36,217	-
Hovnanian Family Foundation	12,380	-
H. O. P. E. Program	-	37,943
U.S. Embassy in Armenia	109,545	77,213
Armenian Missionary Association of America (AMAA) Armenia Branch	-	4,620
European Bank for Reconstruction and Development (EBRD)	-	21,048
Vahe & Lucie Foundation	25,870	24,012
Other	40,158	45,823
	<u>3,173,425</u>	<u>5,376,416</u>

The closing balance represents the unutilized balance of funds received from the donors listed below:

In thousand drams

	As of 31 December 2025	As of 31 December 2024
Children of Armenia Fund, New York	2,120,737	2,765,239
H. O. P. E. Program	-	32,272
U.S. Embassy in Armenia	27,609	18,868
Vahe & Lucie Foundation	816	1,490
Armenian Missionary Association of America (AMAA) Armenia Branch	-	5,340
Other	13,217	29,325
	<u>2,162,379</u>	<u>2,852,534</u>

15 REVENUE FROM SALES

In thousand drams

	Year ended 31 December 2025	Year ended 31 December 2024
<i>Revenue from rendering of services</i>		
Concept Hotel	228,677	199,423
Visitor Center	15,458	10,530
Other	37,795	37,028
	<u>281,930</u>	<u>246,981</u>
<i>Revenue from sale of goods:</i>		
Sale of textbooks and notebooks	9,195	2,867
	<u>9,195</u>	<u>2,867</u>
	<u>291,125</u>	<u>249,848</u>

16 INCOME FROM GRANTS

In thousand drams

	Year ended 31 December 2025	Year ended 31 December 2024
Income from grants related to revenue	2,829,792	2,281,029
Income from grants related to assets	424,459	334,194
	<u>3,254,251</u>	<u>2,615,223</u>

17 PROGRAM EXPENSES

In thousand drams

	Year ended 31 December 2025	Year ended 31 December 2024
Educational programs	428,521	421,697
Healthcare programs	78,684	514,170
Smart center expenses	576,095	474,800
Social programs	339,091	201,640
Infrastructure development	1,440,033	219,781
Economic development	48,906	45,349
Communication expenses	162,847	104,380
Development expenses	31,122	54,045
Public relations	32,542	-
Other	116,410	190,787
	<u>3,254,251</u>	<u>2,226,649</u>

18 DISTRIBUTION AND MARKETING EXPENSES

In thousand drams

	Year ended 31 December 2025	Year ended 31 December 2024
Depreciation and amortization	6,074	1,178
Employee benefits	132,299	123,777
Insurance	3,804	3,205
Marketing and other expenses	71,543	38,008
	<u>213,720</u>	<u>166,168</u>

19 FINANCIAL INCOME

In thousand drams

	Year ended 31 December 2025	Year ended 31 December 2024
<i>Finance income</i>		
From bank deposits	197,674	42,884
Interest accrued on positive balances of bank accounts	4,176	7,122
	<u>201,850</u>	<u>50,006</u>

20 INCOME TAX EXPENSE

In thousand drams	Year ended 31 December 2025	Year ended 31 December 2024
Current tax	38,120	15,001
Deferred tax (see Note 6)	(781)	(174)
	<u>37,339</u>	<u>14,827</u>

The reconciliation of the effective tax rate is presented below:

In thousand drams

	Year ended 31 December 2025	Effective tax rate (%)	Year ended 31 December 2024	Effective tax rate (%)
Profit/(Loss) Before Tax (According to IFRS)	<u>196,387</u>		<u>68,497</u>	
Income Tax at 18% Rate (2024: 18%)	35,350	18.0	12,329	18.0
(Non-Taxable Income) / Non- Deductible Expenses, Net	<u>1,989</u>	<u>1.0</u>	<u>2,498</u>	<u>3.6</u>
Income tax expense	<u>37,339</u>	<u>19.0</u>	<u>14,827</u>	<u>21.6</u>

21 SUBSEQUENT EVENTS

Subsequent to the reporting date, but prior to the authorization of the financial statements, on 28 February 2026, the military forces of the United States and Israel launched an attack on Iran, followed by retaliatory strikes across various regional states. This military escalation could have significant consequences for the entire economy of the Republic of Armenia, given the highly substantial trade and economic ties between Armenia, Iran, and other countries involved in the military operations.

The Fund does not have direct trading partners in the regional countries involved in the military operations; however, the large-scale impact of this conflict will also have certain consequences on the Fund's operations. Management continuously analyzes the impact of the escalation on the Fund's operational results, but as of the date of authorization of these financial statements, it is not possible to provide a reliable quantitative estimate.

22 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

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

22.1 Critical accounting estimates

The Fund makes estimates and assumptions concerning the future. These accounting estimates may differ from the actual results. Below are the estimates and assumptions for which there is a risk that the carrying amounts of assets and liabilities may be subject to significant adjustments in the next financial year.

Useful lives of property and equipment and intangible assets

Management has assessed the useful lives of property, plant and equipment and intangible assets. In management's opinion, the estimated useful lives of these assets do not materially differ from their

economic lives. If the actual useful lives of property, plant and equipment and intangible assets differ from these estimates, the financial statements could be materially affected.

22.2 Critical judgments

Below are the judgments made by management in applying accounting policies that have the most significant impact on the financial statements.

Recognition of deferred tax assets

The amount of deferred tax assets that can be recognized depends on the assessment of the likelihood that future taxable profits will be available against which the deductible temporary differences and tax losses carried forward can be utilized. Additionally, significant judgment is required when evaluating legal and economic constraints and uncertainties within the tax environment.

23 FINANCIAL INSTRUMENTS

23.1 Material accounting policies

The accounting policies and applied methods for each class of financial assets and financial liabilities, as well as the criteria and basis for recognising income and expenses, are presented in Note 3:

23.2 Categories of financial instruments

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

Financial assets

In thousand drams

	As of 31 December 2025	As of 31 December 2024
<i>Financial assets measured at amortized cost</i>		
Borrowings provided	4,809	4,809
Bank deposits	2,116,902	2,048,591
Cash and bank balances	270,668	392,365
	<u>2,392,379</u>	<u>2,445,765</u>

Financial liabilities

In thousand drams

	As of 31 December 2025	As of 31 December 2024
<i>Financial liabilities measured at amortized cost</i>		
Accounts payable	55,470	121,347
	<u>55,470</u>	<u>121,347</u>

24 FINANCIAL RISK MANAGEMENT

The Fund is exposed to various risks related to financial instruments. These risks include market risk, credit risk, and liquidity risk.

The Fund is not engaged in active trading of financial assets for speculative purposes, nor does it issue options. The most significant financial risks to which the Fund may be exposed are described below.

Financial risk factors

a) Market risk

During the use of financial instruments, the Fund is exposed to market risk, particularly foreign currency risk, interest rate risk and certain other price risks arising from both operational and investment activities.

b) Foreign currency risk

The Fund conducts transactions in foreign currencies and, therefore, is exposed to fluctuations in foreign exchange rates.

The majority of the Fund's transactions are carried out in Armenian drams. Exposure to foreign exchange rate fluctuations arises from the Fund's foreign sales and purchases, which are primarily denominated in US dollars, euros, and other currencies.

The financial assets and liabilities denominated in foreign currencies that expose the Fund to foreign currency risk are described below. The amounts presented represent information provided to key management personnel, expressed in Armenian drams at the exchange rates prevailing at the end of the reporting period.

Item

	As of 31 December 2025	As of 31 December 2024
	US dollar	
<i>Financial assets</i>		
Bank balances	476	450
Net result	476	450

Item

	As of 31 December 2025	As of 31 December 2024
	Euro	
<i>Financial assets</i>		
Bank balances	-	28,803
Net result	-	28,803

The table below presents the Fund's sensitivity to a 10% (2024: 10%) increase/decrease of the Armenian dram against the US dollar, euro, and other currencies. The 10% (2024: 10%) represents the exchange rate fluctuation deemed probable by management. The sensitivity analysis includes only the balances of dram-denominated items expressed in foreign currencies and adjusts their conversion at the period-end exchange rate by 10% (2024: 10%).

A 10% (2024: 10%) appreciation/depreciation of the Armenian dram against the US dollar and euro would have the following impact:

In thousand drams	Impact of US dollar		Impact of Euro	
	2025	2024	2025	2024
Profit or loss	48	45	-	2,880

The effect of foreign exchange rate fluctuations varies during the year depending on the volume of foreign transactions. Nevertheless, the above analysis is considered to reflect the Fund's exposure to foreign currency risk.

c) *Liquidity risk*

Liquidity risk is the risk that the Fund will be unable to meet its obligations as they fall due.

The Fund manages its liquidity risk by maintaining sufficient funds in cash and bank accounts, as well as holding highly liquid assets to ensure the timely settlement of operational liabilities.

In thousand drams

	As of 31 December 2025	As of 31 December 2024
<i>Non-interest bearing</i>		
Up to 6 months	33,206	44,858
6 months to 1 year	22,264	23,001
More than 1 year	-	53,488
	<u>55,470</u>	<u>121,347</u>

In assessing and managing liquidity risk, the Fund considers the expected cash flows from its financial assets, particularly cash and trade receivables. The Fund's current assets exceed its current liabilities.

25 CONTINGENCIES

25.1 Insurance

The insurance sector in Armenia is still in a developing stage, and many types of insurance coverage common in other countries are not yet widely available. The Fund does not maintain comprehensive insurance coverage for its assets or for business interruption. It also does not carry third-party liability insurance for potential damages to property or the environment arising from accidents related to its assets or operations. As long as the Fund is not adequately insured, there is a risk that the loss or destruction of certain assets could have a materially adverse effect on the Fund's operations and financial position.

25.2 Taxes

The taxation system in Armenia is characterized by frequently changing legislation, which sometimes needs interpretations. Often differing interpretations exist among various taxation authorities and jurisdictions. Taxes are subject to review and investigations by tax authorities, which are enabled by law to impose fines and penalties.

These facts may create tax risks in Armenia substantially more than in other developed countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant

26 RELATED PARTIES

The Fund's related parties include the "Children of Armenia Fund New York" Fund, the Fund's Board of Trustees, "Energize Global Services" CJSC—founded by Mr. Richard Bezjian, Chairman of the Board of Trustees—as well as key management personnel, as described below.

26.1 Control

The Fund is governed by the Board of Trustees. An entity under common control is the “Children of Armenia Fund New York” Fund, which operates in the United States and is located at 149 Fifth Avenue, Room 500, New York, NY, USA.

26.2 Transactions with related parties

During the reporting year, the Fund engaged in the following transactions with related parties, and the balances outstanding as of the reporting date are as follows:

In thousand drams	Year ended 31 December 2025	Year ended 31 December 2024
Transactions		
<i>Entities under common control</i>		
Receipt of grants	2,949,255	5,165,757
	<u>2,949,255</u>	<u>5,165,757</u>
In thousand drams	Year ended 31 December 2025	Year ended 31 December 2024
Balances		
<i>Entities under common control</i>		
Grants related to income	2,120,737	2,765,239
Year-end balance	<u>2,120,737</u>	<u>2,765,239</u>

26.3 Transactions with management

Key management personnel received the following compensation during the period, which is included in the “Employee Benefits” line item.

In thousand drams	Year ended 31 December 2025	Year ended 31 December 2024
Salaries and bonuses	<u>46,585</u>	<u>38,867</u>