

**NEW VENTURE BROKERAGE**  
**Closed Joint-Stock Company**

**FINANCIAL STATEMENTS**

**IN ARMENIAN DRAMS**

**31 December 2023**

**YEREVAN 2024**

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15.04.2024  
N 012406



**APPROVED:**

**V. GEVORGYAN**

*General Director*  
*Baker Tilly Armenia CJSC*

## **INDEPENDENT AUDITOR'S REPORT**

*To Management of*  
*New Venture Brokerage CJSC*

### **Opinion**

We have audited the accompanying financial statements of New Venture Brokerage CJSC (hereinafter, "the Company"), which comprise the Statement of Financial Position as at 31 December 2023, the Statement of Profit or Loss and other Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the 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' Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our audit of the financial statements in Armenia, and we have fulfilled our 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.

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

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 skepticism 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, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information or business activities of the Organization to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Auditor

Sh. Tashchiyan



15.04.2024

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
For the period ended 31 December 2023

		<i>(AMD ths.)</i>	
	<i>Notes</i>	31.12.2023	31.12.2022
Interest and similar income	5	-	-
Interest and similar expense	5	(1,199)	-
<b><i>Net interest income</i></b>		<u>(1,199)</u>	-
Fee and commission income	6	-	-
Fee and commission expense	6	(1,547)	-
<b>Net commissions</b>		<u>(1,547)</u>	-
Net trading income	7	(3,208)	-
Personnel expenses	8	(48,386)	-
Other general administrative expense	9	(61,944)	-
Other operating income		589	-
<b>Profit before taxation</b>		<u>(115,695)</u>	-
Income tax refund	10	19,860	-
<b>Total profit / (loss) for the year</b>		<u><u>(95,835)</u></u>	-

STATEMENT OF FINANCIAL POSITION  
As at 31 December 2023

		<i>(AMD ths.)</i>	
	Notes	31.12.2023	31.12.2022
<b>Assets</b>			
Cash and cash equivalents	11	226,943	-
Property and equipment	12	79,342	-
Intangible assets	13	20,405	-
Deferred tax assets	10	19,860	-
Other assets	14	5,501	-
<b>Total assets</b>		<b>352,051</b>	<b>-</b>
<b>Liabilities</b>			
Finance lease liability	15	73,951	-
Amounts due to the Budget	16	5,936	-
Other liabilities	17	5,999	-
<b>Total liabilities</b>		<b>85,886</b>	<b>-</b>
<b>Equity</b>			
Charter capital	18	362,000	-
Accumulated loss		(95,835)	-
<b>Total equity</b>		<b>266,165</b>	<b>-</b>
<b>Total liabilities and equity</b>		<b>352,051</b>	<b>-</b>

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Marianna Movsesyan  
*Director*

15.04.2024

**STATEMENT OF CHANGES IN EQUITY**  
For the period ended 31 December 2023*(AMD ths.)*

	<b>Charter capital</b>	<b>Retained profit</b>	<b>Total</b>
<b>Balance as of 31 December 2022</b>	-	-	-
Investments in equity	362,000	-	<b>362,000</b>
Profit/loss for the year	-	(95,835)	<b>(95,835)</b>
<b>Balance as of 31 December 2023</b>	<b>362,000</b>	<b>(95,835)</b>	<b>266,165</b>



**STATEMENT OF CASH FLOWS**  
For the period ended 31 December 2023

	<i>(AMD ths.)</i>	
	<b>31.12.23</b>	<b>31.12.22</b>
<b>Cash flows from operating activity</b>		
Interest received	-	-
Fees and commissions paid	(1,524)	-
Gain from foreign currency transactions	(1,629)	-
Salary and other equivalent payments	(34,801)	-
Other income and expense from operating activity	(70,200)	-
<b>Net cash flows before changes in working capital</b>	<b>(108,154)</b>	-
<i>Decrease / (Increase) in operating assets</i>	-	-
<b>Net cash flows from operating activity before taxation</b>	<b>(108,154)</b>	-
Profit tax paid	-	-
<b>Net cash flows from operating activity</b>	<b>(108,154)</b>	-
<b>Cash flows from investing activity</b>		
Property and equipment and intangible assets - acquisition / capitalization	(18,362)	-
<b>Net cash flows from investing activity</b>	<b>(18,362)</b>	-
<b>Cash flows from financing activity</b>		
Participants investments in charter capital	362,000	-
Payment of the main part of a lease liability	(8,614)	-
<b>Net cash flows from financing activity</b>	<b>353,386</b>	-
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>226,870</b>	-
Cash and cash equivalents at the beginning of the period	-	-
Foreign exchange effect on cash and cash equivalents	73	-
<b>Cash and cash equivalents at the end of the period</b>	<b>226,943</b>	-

**NOTES TO THE FINANCIAL STATEMENTS****1. Main activity**

NEW VENTURE BROKERAGE CJSC (hereafter, “the Company” was established in 2023 in the Republic of Armenia as an investment company and received License No 0028.

The highest governance body of the Company is General Meeting of the participants, and the general management of the activity is realized by the Board. Executive Director of the Company is in charge of management of its current business activity. The position of executive director is held by Marianna Movsesyan. Managerial remuneration is determined by the decision of the relevant managing body of the Company. The annual financial - economic activity of the Company is subject to an external audit. Regulatory authorities monitor the Company's operations in many ways and may conduct regular inspections to ensure compliance with applicable laws, regulations and rules. These laws, regulations and rules govern various areas of the Company activity including sales and marketing activities, trading functions, approaches applied regarding client assets, continuing professional education, anti-money laundering activities, client recognition policies, reporting and record keeping, as well as rules of conduct for directors, managers and rank-and-file employees.

The Company carries out its activities in the Republic of Armenia, therefore, the Company's activities are influenced by the economy and financial markets of Armenia, for which the emerging market characteristics are inherent. The legal, tax and legislative systems continue to evolve, but can have different interpretations and are subject to frequent changes, which, along with legal and financial barriers, can create additional complications for companies operating in Armenia. The company's assets are based in RA. The financial markets of developing countries, such as the Republic of Armenia, are more exposed to various risks than the markets of more developed countries. As previously observed, actual or perceived financial problems or potential risks associated with investments in emerging economies may have a negative impact on Armenia's investment environment and the overall state of its economy. The Company's assets may be adversely affected by general economic conditions, changes in the securities market, regulatory environment, and other geopolitical changes, as they all play a role in asset valuation, trading activity, interest rates and overall investor sentiment. have an impact on asset valuations, trading activity, interest rates, and general investor sentiment, and are beyond the Company's control.

The accompanying financial statements reflect the impact of the current operating and business environment on the Company's activity and financial results. The future business environment may differ from management's estimates. Financial organizations, as a rule, must have anti-money laundering policies, implement special training courses for employees, and appoint an employee responsible for money laundering compliance. Moreover, regulatory functions in the field of data privacy and protection are constantly evolving around the world and are driven mainly by the development of technology and, as a result, the possibilities of rapid dissemination of information. Compliance with those regulatory requirements shall be ensured to the extent applicable to the Company. Management has established policies and procedures to ensure compliance with these regulations. The shareholders of the company are Grigorii Trubkin and Vachagan Grigoryan.

**2. Basis of preparation*****Statement of compliance***

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

***Basis of recognition***

The financial statements have been prepared on the historical cost basis, with the exception of financial assets held for trading purposes, which are re-measured at fair value.

***Functional and presentation currency***

The national currency of Armenia is the Armenian Dram (“Dram”), which is the Company's functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Company.

Armenian Dram is the presentation currency of this financial statements as well. All financial information presented in Armenian Drams has been rounded to the nearest thousand.

*Use of estimates and judgement*

The preparation of financial statements in conformity with IFRS requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. Actual results may deviate from the estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period of the revision and future periods that may have been affected.

*Use of estimates and judgement*

The preparation of financial statements in conformity with IFRS requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. Actual results may deviate from the estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period of the revision and future periods that may have been affected.

*Changes in the accounting policy*

As at the date of authorization of these financial statements, a number of new standards, amendments and interpretations to the existing Standards have been published which are not yet effective. The Company did not early adopted any of these pronouncements.

Management plans to adopt applicable new standards and interpretations in the period immediately following their effective date.

Management does not anticipate a material impact on the Company's financial statements from these Amendments.

*Going Concern*

These financial statements have been prepared on a going concern basis, which assumes that assets are realized and liabilities settled in the ordinary course of business.

**3. Accounting policy**

**Recognition of income and expense**

Income is recognized when it is probable that economic benefits will flow to the Company and the income received can be measured reliably. Expense is recognized when it is probable that economic benefits will flow from the Company and the expense can be measured reliably.

*Interest income and expense*

Interest income and expense, except for interest on non-derivative financial assets and liabilities measured at fair value through profit or loss (FVTPL), are recognized in profit or loss as interest income or interest expense, respectively.

*Transactions in securities and investment income*

Transactions in securities are recorded on the date of the transaction (sale or purchase of securities). Interest income is accounted for on an accrual basis. The value of securities is calculated on the basis of weighted average cost. With respect to short-term and fixed-income investments, discounts and issue proceeds are amortized and recorded in investment income. The cost of securities sold is calculated based on amortized cost.

*Fees and Commissions*

Fees and commission expenses are recognized in profit or loss after rendering the related services.

*Financial instruments*

The Company recognizes financial assets and financial liabilities in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales are purchases or sales of financial assets and financial liabilities that require delivery of assets and liabilities within the period generally established by regulation or convention in the marketplace.

A financial asset or financial liability is initially measured at fair value. For financial assets or liabilities not classified as financial instruments at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the financial asset or liability are added to (or subtracted from) the fair value.

Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities "at fair value through profit or loss" are recognized immediately in profit or loss.

*Financial asset:* Financial assets are classified as measured at:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVOCI);
- Amortized cost.

The classification depends on the nature of the cash flows arising from the financial assets and the business model under which the asset is held and managed, and is determined at the time of initial recognition.

Financial assets are classified as measured at FVTPL when they are not classified as measured neither at amortized cost nor at FVOCI (as it is presented below). Moreover, the Company may irrevocably designate any financial asset at FVTPL that meets the requirements to be measured at amortized cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial asset is classified as measured at FVOCI if it meets the following conditions and is not designated to be measured at FVTPL:

- it is held within a business model the purpose of which is provided both by collecting contractual cash flows and by selling financial assets; and
  - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
  - on initial recognition, an equity instrument that is not held for trading may be irrevocably designated as at FVOCI. This election is made on an instrument-by-instrument basis.

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

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

Unclassified financial assets that are debt instruments and are measured at FVTPL are subject to impairment testing using the "Expected Credit Loss" (ECL) model. According to the ECL model, a provision for credit losses should be recognized in the amount of expected credit losses (ECL) within 12 months after the reporting date. However, if the instrument's credit risk has increased significantly since its initial recognition, a provision should be recognized in the ECL amount over the whole life of the instrument. ECL is a probability-weighted estimate of credit losses. It is measured as the present value of the cash shortfall (the difference between the cash flows available to the Company under the contract and the cash flows the Company expects to receive) discounted at an effective interest rate.

#### *De-recognition of financial assets*

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers to the third party the rights to receive the contractual cash flows from the financial asset. If the Company neither transfers nor retains substantially all of the risks and rewards of ownership, but it retains the control over the transferred asset, then the Company continues to recognize the financial asset as well as the associated liability to the extent that its involvement in the financial asset continues. If the Company retains substantially all of the risks and rewards of ownership of the financial asset, then the Company shall continue to recognize the financial asset as well as the loan pledged against the consideration received.

#### *Financial liabilities*

Financial liabilities are classified as measured at FVTPL or as other financial liabilities.

#### *Financial liabilities at FVTPL*

A financial liability is classified as measured at FVTPL when it is held for trade purposes or it is classified as measured at FVTPL.

Financial liability is classified as held-for-trading if:

- it is acquired primarily for short-term repurchase purposes, or
- at initial recognition it forms part of a portfolio of certain financial instruments jointly managed by the Company and has a realistic possibility of profit in the short term, or
- it is a derivative instrument that is not intended or used as a hedging instrument.

Financial liability not held for trading may be classified at initial recognition as measured at FVTPL if:

- Such a classification excludes, or significantly reduces the mismatch of measurement or recognition, which would otherwise arise, or,
- the financial liability is part of financial assets or financial liabilities or part of a group of both financial assets or financial liabilities, which is managed and its performance is assessed on a fair value basis, according to the company's documented risk management or investment strategy, and the information on grouping is provided internally on the same basis, or
- it forms part of a contract that contains one or more embedded derivatives, and the entire contract (assets or liabilities) is classified as being measured at FVTPL.

Financial liabilities at FVTPL are presented at fair value, and the gains or losses arising from their re-measurement are recognized in profit or loss except for a change in fair value from part of liability attributable to credit risk, which is presented in other comprehensive income.

#### *De-recognition of financial liabilities*

The Company derecognizes financial liabilities only when the Company's obligations are discharged, cancelled or expire. When a financial liability to the same lender is replaced by another financial liability, the terms of which are significantly different from the previous one, or if there is a substantial modification in the terms of the existing obligation, such exchange or modification is recognized as de-recognition of the original liability and recognition of the new liability. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in the financial results.

#### **Recognition of exchange differences**

Gain / (loss) from foreign currency transactions includes gain (loss) from the revaluation of assets or liabilities in foreign currency.

Foreign currency transactions are recalculated to the functional currency at the exchange rate as at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. As of the reporting date, exchange rate differences resulting from the recalculation of foreign currency items are recognized as an expense or income.

The period-end exchange rates used by the Company during the preparation of financial statements are presented below:

	<i>31 December 2023</i>
Armenian Dram / 1 US Dollar	404.79
Armenian Dram / 1 Euro	447.90

#### **Taxation**

Income tax for the reporting year consists of current and deferred taxes. Income tax is recognized in the statement of financial results, except for those taxes for which the transactions results are recognized in equity, in which case the taxes are recognized in equity as well.

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

Deferred tax assets and liabilities are calculated in respect of temporary differences using the liability method. Deferred income taxes are provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, except where the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business

combination and, at the time of the transaction, and affects neither accounting nor taxable profit.

A deferred tax asset is recognized only to the extent that it is probable that taxable profit will be available in the future against which the temporary differences can be utilized. Deferred tax assets and liabilities are calculated at the tax rate that is assumed to apply when the assets are realized and the liabilities are settled, based on the actual rates in effect for the given period or reporting period.

There are many other operating taxes in the RA, which are calculated based on the Company's activities. These taxes are recognized in the statement of financial results under "Other expenses". The amounts of indirect taxes are included in the amount of tangible or intangible value to which these taxes refer.

### Property and Equipment

A unit of Property and Equipment that meets the criteria for asset recognition is initially measured at its initial value (cost). The initial value of the unit of Property and Equipment includes its purchase price, taxes, import duties, other mandatory fees, which are not subject to return to the Credit Organization by the relevant authority.

Property and equipment are stated at initial value less accumulated depreciation and impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs.

Depreciation is calculated using the straight-line method over the useful life of the asset.

Estimated useful lives are as follows:

Computer equipment	3 years
Other fixed assets	8 years

Fixed assets are revaluated in case of a significant fluctuation in their fair (market) value. The revaluation results are reflected in accordance with IAS 16.

### Leases

#### The Company as a lessee

The Company signs lease agreements mainly for the use of office spaces. Lease agreements for office spaces are usually concluded for a period of three years, with the possibility of term extension. The Company recognizes lease liabilities for lease payments and right-of-use assets, which represent the right to use the assets underlying the agreement. The Company does not enter into sale and leaseback agreements.

#### Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use by the lessee). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for the re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

#### Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease

commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date of the lease, the amount of lease liabilities increases to reflect interest accruals and decreases to reflect lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of the option to purchase the underlying asset.

Right-of-use assets are presented together with fixed assets in the statement of financial position.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less at the commencement date and do not contain a purchase option).

### **Operating – the Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease income arising is accounted for on a straight-line basis over the lease term and is included in other income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as lease income. Contingent lease payments are recognized as income in the period in which they are received.

### **Intangible assets**

Intangible assets include computer software.

Intangible assets are measured at cost upon initial recognition. After initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment charges. The useful lives of intangible assets can be finite or indefinite. Those with a finite useful life are amortized on a straight-line basis over 1-10 years and are assessed for impairment when impairment characteristics are present. Amortization periods and methods for assets with finite useful lives are reviewed at least at the end of each fiscal year.

Intangible assets with indefinite useful lives are not amortized, they are tested for impairment once a year at the individual or cash-generating unit level. The useful life of an asset with an indefinite useful life is reviewed annually to determine whether the asset's useful life is still estimated to be indefinite.

### **Loans and Borrowings**

Borrowing costs are recognized as an expense in the period in which they are incurred (accrued), except for those relating to qualifying assets, which are capitalized in accordance with IAS 23. Loans and borrowings are accounted for at amortized cost using the effective interest method.

### **Provisions**

A provision is recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that the settlement of the obligation will require an outflow of resources embodying economic benefits, and the amount of the obligation can be measured reliably.

## **4. Changes in the accounting policy**

In the current year the Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

The mentioned above standards and amendments that were applied for the first time in 2023 did not have a material effect on the Company's financial statements.

**Standards and interpretations not yet applied by the Company**

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to the existing Standards have been published but are not yet effective.

The Company has not early adopted any of these pronouncements. Management anticipates that the applicable new standards and interpretations will be adopted by the Company for the first period beginning after the effective date of the pronouncement. Management does not anticipate that the presented below amendments will have a material impact on the Company's financial statements:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

**5. Interest and similar income**

	<i>AMD ths.</i>	
	<b>31.12.23</b>	<b>31.12.22</b>
<i>Interest and similar income</i>		
Interest income from securities	-	-
<i>Interest and similar expense</i>		
Interest expense regarding financial lease	(1,199)	-
<b>Net interest and similar income</b>	<b>(1,199)</b>	<b>-</b>

**6. Fee and commission income and expense**

	<i>AMD ths.)</i>	
	<b>31.12.23</b>	<b>31.12.22</b>
<i>Fee and commission income</i>		
Resident natural persons	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<i>Fee and commission expense</i>		
Commission expenses	(1,547)	-
<b>Total</b>	<b>(1,547)</b>	<b>-</b>
<b>Net fees and commissions received</b>	<b>(1,547)</b>	<b>-</b>

**7. Net trading income**

	<i>AMD ths.</i>	
	<b>31.12.23</b>	<b>31.12.22</b>
Loss from foreign currency transactions	(1,629)	-
Gain from foreign currency revaluation	742	-
Loss from foreign currency revaluation	(2,321)	-
<b>Total</b>	<b>(3,208)</b>	<b>-</b>

**8. Personnel expenses**

	<i>AMD ths.</i>	
	<b>31.12.23</b>	<b>31.12.22</b>
Salary of regular employees	(43,308)	-
Salary of contractors	(549)	-
Supplementary payments	(4,529)	-
	<b>(48,386)</b>	<b>-</b>



9. General administrative expenses

	<i>AMD ths.</i>	
	<b>31.12.23</b>	<b>31.12.22</b>
Communication expense	(1,154)	-
Advertising expenses	(16,403)	-
Other public relations expenses	(4)	-
Depreciation expenses for property and office equipment	(25)	-
Communication, computer, and other automatic management equipment depreciation expenses	(104)	-
Right-of-use assets depreciation expenses	(5,286)	-
Amortization expenses for computer software	(3)	-
Non-reimbursable taxes and fees	(5,910)	-
Office expenses	(593)	-
Audit and other consulting services	(29,697)	-
Other administrative expenses	(2,481)	-
Expenses related to the Office of the Financial Ombudsman	(284)	-
<b>Total</b>	<b>(61,944)</b>	<b>-</b>

10. Income tax refund

	<i>AMD ths.</i>	
	<b>31.12.23</b>	<b>31.12.22</b>
Current tax expense	-	-
Deferred tax refund	19,860	-
<b>Total</b>	<b>19,860</b>	<b>-</b>

*AMD ths.*

	<b>31.12.23</b>	<b>Effective interest rate (%)</b>	<b>31.12.22</b>	<b>Effective interest rate (%)</b>
Profit/ (loss) before taxation (IFRS)	(115,695)		-	
Profit tax at the rate 18%	20,825	18%	-	
Non-taxable income	(1,263)		-	
Non-deductible expense	298	-	-	
<b>Total income tax refund</b>	<b>19,860</b>	<b>17%</b>	<b>-</b>	

Taxes for the year ended 31 December 2023 are grouped as follows:

<i>AMD ths.</i>	<b>01 January 2023</b>	<b>Recognized in P/L and other comprehensive financial results</b>	<b>31 December 2023</b>
<i>Deferred tax assets</i>			
Lease-related accounts payable	-	13,311	13,311
Regarding created provisions	-	704	704
	-	14,015	14,015
<i>Deferred tax liabilities</i>			
Right-of-Use assets	-	(13,867)	(13,867)
Tax loss	-	19,712	19,712
	-	5,845	5,845
<b>Net result – deferred tax assets</b>	<b>-</b>	<b>19,860</b>	<b>19,860</b>

## 11. Cash and cash equivalents

	<i>AMD ths.</i>	
	31.12.23	31.12.22
Bank accounts	226,943	-
	<b>226,943</b>	<b>-</b>

Cash and cash equivalents are not devalued, overdue or pledged, there are no restrictions on them.

## 12. Property and equipment and Intangible assets

*(AMD ths.)*

	Right-of-Use assets	Computers and other equipment	Other fixed assets	Total
<i>Initial value</i>				
<b>As at 31 December 2022</b>	-	-	-	-
Addition	82,322	1,510	925	84,757
Disposal	-	-	-	-
<b>As at 31 December 2023</b>	<b>82,322</b>	<b>1,510</b>	<b>925</b>	<b>84,757</b>
<i>Accumulated depreciation and impairment</i>				
<b>31 December 2022</b>	-	-	-	-
Depreciation expense for the year	5,286	104	25	5,415
Disposal and write-off	-	-	-	-
<b>31 December 2023</b>	<b>5,286</b>	<b>104</b>	<b>25</b>	<b>5,415</b>
<b>31 December 2023</b>	<b>77,036</b>	<b>1,406</b>	<b>900</b>	<b>79,342</b>

## 13. Intangible assets

*(AMD ths.)*

	Computer software	Embedded Intangible Assets	Total
<i>Opening balance</i>			
As at 31 December 2022	-	-	-
Addition	280	20,128	20,408
As at 31 December 2023	<b>280</b>	<b>20,128</b>	<b>20,408</b>
<i>Accumulated amortization</i>			
<b>As at 31 December 2022</b>	-	-	-
<i>Amortization expense for the reporting year</i>	(3)	-	(3)
<b>As at 31 December 2023</b>	<b>(3)</b>	<b>-</b>	<b>(3)</b>
<b>As at 31 December 2023</b>	<b>277</b>	<b>20,128</b>	<b>20,405</b>

14. Other assets

	31.12.23	<i>AMD ths.</i> 31.12.22
Advance payments to suppliers	1,998	-
Future Period Expenses	1,903	-
Advance payments on salary	1,600	-
<b>End-of-year balance</b>	<b>5,501</b>	<b>-</b>

15. Financial lease liabilities

The company has entered into lease agreements regarding the premises of branches and headquarters. Each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. An entity classifies its right-of-use assets in accordance with the classification of its fixed assets.

In general, each lease contains a restriction that a right of use asset can be used only by the Entity, unless there is a contractual right to provide the asset to another party. Leases are either non cancellable or can be cancelled only by bringing forth a significant termination fee. Some leases include an option to extend the lease term. The entity is prohibited from selling or pledging the underlying leased assets. The organization must keep these properties in good (repaired) condition and return the property to its original condition at the end of the lease.

The movement of lease liabilities in the reporting period is presented below:

	2023	<i>AMD ths.</i> 2022
Effect of application of IFRS 16	-	-
Addition	82,322	-
Accumulated interest	1,199	-
Payments	(9,570)	-
<b>Total</b>	<b>73,951</b>	<b>-</b>

The weighted average interest rate applied to lease liabilities recognized in 2023 in accordance with IFRS 16 is 12.5%.

16. Liabilities to the budget

	31.12.23	<i>AMD ths.</i> 31.12.22
Accounts Payable for VAT	559	-
Accounts payable for other taxes and fees	5,377	-
<b>Year-end Balance</b>	<b>5,936</b>	<b>-</b>

17. Other Liabilities

	31.12.23	<i>AMD ths.</i> 31.12.22
External payables	2,091	-
Provisions	3,908	-
<b>Year-end Balance</b>	<b>5,999</b>	<b>-</b>

**18. Charter capital**

According to the Company charter, the share capital consists of 362,000,000 (three hundred sixty-two million) ordinary shares with a nominal value of 1 (one) Armenian dram each.

Shareholder	2023	
	Share (AMD ths.)	Share size (%)
Vachagan Grigoryan	181,000	50
Grigorii Trubkin	181,000	50
	<b>362,000</b>	<b>100</b>

**19. Related party transactions**

According to IAS 24 Related Party Disclosures, parties are considered related when one of the parties has control over the other or is able to exert considerable influence over the other party in terms of financial or business decisions. For the purposes of these financial statements, related parties include Shareholders, members of the Company's management, as well as affiliated individuals and entities controlled by them.

The compensations paid to the management personnel are as follows:

(AMD ths.)	<u>2023</u>	<u>2022</u>
Salary and bonuses	17,940	-
Total compensation made to management personnel	<u>17,940</u>	<u>-</u>

**20. Risk management****20.1 Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument (assets) fails to meet its contractual obligations. The Company's credit risk arises from financial assets, including cash and cash equivalents held at banks and trade and other receivables. Credit risk is managed on a group basis. The maximum impact of credit risk is represented by the balance sheet values of financial assets. The Company does not take collateral for trade receivables

**Geographical segments**

The following table breaks down the Company's main credit exposure at their carrying amounts, as categorized by geographical segments as of 31 December.

(AMD ths.)	<u>RA</u>	<u>Other countries</u>	<u>Total</u>
Cash and cash equivalents	226,943	-	226,943
Other assets	401	1,597	1,998
As at 31 December 2023	<u>227,344</u>	<u>1,597</u>	<u>228,941</u>

**20.2 Market risk**

Market risk is the probability that the Company will incur losses as a result of market fluctuations, in particular, changes in the future fair values of financial instruments held for trading purposes. The objective of market risk management is to manage and control risk in such a way as to maintain the degree of exposure to risk within acceptable limits while ensuring the optimization of returns.

**Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates. The Company carries out transactions in foreign currencies and is therefore exposed to exchange rates fluctuations. The Company's net exposure to currency risk is shown in the tables below.

AMD ths.

	AMD	Freely convertible currency/ precious metals	Total
<i>Assets</i>			
Cash and cash equivalents	226,943	-	226,943
Other Assets	401	1,597	1,998
<b>Total</b>	<b>227,344</b>	<b>1,597</b>	<b>228,941</b>
<i>Liabilities</i>			
Financial lease liabilities	73,951	-	73,951
Liabilities on the budget	5,936	-	5,936
Other Liabilities	674	1,417	2,091
<b>Total</b>	<b>80,561</b>	<b>1,417</b>	<b>81,978</b>
Net position as at 31 December 2023	<b>146,783</b>	<b>180</b>	<b>146,963</b>

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company is exposed to the risk of fluctuations in the fair value of a portfolio of financial instruments or income/future cash flows as a result of fluctuations in market interest rates. Regarding the Company's interest-bearing financial instruments, it is the Company's policy to enter into transactions in financial instruments with maturities that best correspond to the expected maturities of financial liabilities. However, exposure to interest rate risk may be high as a result of fluctuations in interest rates prevailing in the market.

**Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, regardless of whether these changes are due to factors specific to the individual financial instrument or its issuer or to factors affecting all similar financial instruments in the market. Thus, price risk is the probability of incurring a loss due to a change in the market price of a financial instrument.

**20.3 Liquidity risk**

Liquidity risk is the risk that the Company will have difficulties in acquiring resources to meet its obligations regarding financial instruments when they fall due. Liquidity risk arises when there is a mismatch between the maturities of assets and liabilities, which is natural for financial institutions and which is due to the differences in transactions and the uncertainty associated with them. The company follows a policy of liquidity management by maintaining sufficient funds in bank accounts and also by maintaining highly liquid assets in order to repay operating liabilities on time.

**21. Capital adequacy**

The Company manages its capital to ensure business continuity by maximizing the Company's profitability through optimization of debt to equity balance. The capital adequacy of the Company is controlled, among other measures, by the limitations set by the RA Central Bank. The Company has ensured compliance with all external conditions related to capital requirements. The Company manages the capital structure and makes adjustments to it based on changes in economic conditions and the nature of risk associated with the respective assets.