“SAS Group” Limited Liability Company

Financial Statements and Independent Auditor's Report

31 December 2025

YEREVAN 2026

Contents

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12.08.2026

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CONFIRMED BY:

V. GEVORGYAN

General Director

"Baker Tilly Armenia" CJSC

INDEPENDENT AUDITOR'S REPORT

To the shareholders of "SAS Group" Limited Liability Company

Opinion

We have audited the financial statements of "SAS Group" LLC (the "Company"), which comprise the statement of financial position as of 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year 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 of 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

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 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 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, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Sedrak Badalyan, CA

Auditor

12 August 2026

Statement of financial position

in thousand drams	Note	As of 31 December 2025	As of 31 December 2024
ASSETS			
Non-current assets			
Property and equipment	4	3,182,567	2,887,713
Right of use assets	5	2,090,042	2,884,618
Intangible assets		113,922	85,449
Deferred tax assets	6	435,436	350,402
		5,821,967	6,208,182
Current assets			
Inventories	7	10,000,811	7,574,983
Trade and other receivables	8	12,058,453	11,529,635
Income tax receivable		-	134,804
Borrowings provided	9	6,674,548	9,681,926
Cash and bank balances	10	3,113,422	2,770,357
		31,847,234	31,691,705
TOTAL ASSETS		37,669,201	37,899,887
EQUITY AND LIABILITIES			
Equity and provisions	11		
Charter capital		1,961,104	1,961,104
Accumulated loss		(3,666,242)	(1,576,871)
		(1,705,138)	384,233
Long-term liabilities			
Loans and borrowings	12	19,239,411	12,910,766
Lease liability	13	3,268,425	2,923,307
		22,507,836	15,834,073
Short-term liabilities			
Loans and borrowings	12	6,826,129	8,853,264
Lease liability	13	774,627	751,331
Trade and other payables	14	9,265,747	12,076,986
		16,866,503	21,681,581
TOTAL EQUITY AND LIABILITIES		37,669,201	37,899,887

The financial statements were approved on 12 August 2026 by:

Samvel Gzraryan — Minas Margaryan

Director — Chief Accountant

The accompanying notes 1-26 below are an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

in thousand drams	Note	Year ended 31 December 2025	Year ended 31 December 2024
Revenue	15	34,526,378	32,303,101
Cost of sales		(22,277,071)	(19,788,081)
Gross profit		12,249,307	12,515,020
Other income		1,153,333	17,064
Distribution and marketing expenses	16	(9,221,731)	(6,567,384)
Administrative expenses	17	(2,683,141)	(3,387,972)
Other expenses	18	(977,436)	(813,405)
Operating profit		520,332	1,763,323
Interest income/(expense), net		(2,118,553)	(1,795,885)
Other financial items		(576,184)	210,004
Profit before income tax		(2,174,405)	177,442
Income tax expense		85,034	192,069
Net profit/(loss)		(2,089,371)	369,511
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		(2,089,371)	369,511

The accompanying notes 1-26 below are an integral part of these financial statements.

Statement of changes in equity

in thousand drams	Charter capital	Accumulated profit/(loss)	Total
As of 1 January 2024	1,090,050	1,264,144	2,354,194
Profit for the year	-	369,511	369,511
Total comprehensive income for the year	-	369,511	369,511
Issue of charter capital	871,054	-	871,054
Dividends	-	(3,210,526)	(3,210,526)
Transactions with owners	871,054	(3,210,526)	(2,339,472)
As of 31 December 2024	1,961,104	(1,576,871)	384,233
Loss for the year	-	(2,089,371)	(2,089,371)
Total comprehensive income for the year	-	(2,089,371)	(2,089,371)
As of 31 December 2025	1,961,104	(3,666,242)	(1,705,138)

The accompanying notes 1-26 below 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	(2,089,371)	369,511
Adjustments for:		
Depreciation and amortization	1,191,452	1,183,445
Income tax expense	(85,034)	(192,069)
Finance expense	2,118,553	1,795,885
Foreign exchange loss	576,184	(210,004)
Operating profit before working capital changes	1,711,784	2,946,768
Change in trade and other receivables	(443,784)	(2,356,179)
Change in inventories	(2,425,828)	(3,462,450)
Change in trade and other payables	(2,811,239)	3,947,885
Cash used in operations	(3,969,067)	1,076,024
Interest paid	(1,741,285)	(2,156,412)
Net cash used in operating activities	(5,710,352)	(1,080,388)
Cash flows from investing activities		
Acquisition of fixed assets	(715,610)	(672,376)
Borrowings provided	3,007,378	3,035,370
Disposal of property and equipment	36,323	-
Short term investments	-	1,659,607
Net cash from investing activities	2,328,091	4,022,601
Cash flows from financing activities		
Dividends paid	-	(3,210,526)
Loans and borrowings	4,301,510	809,107
Proceeds from issue of share capital	-	871,054
Net cash from/(used in) financing activities	4,301,510	(1,530,365)
Net increase/(decrease) in cash and bank balances	919,249	1,411,848
Foreign exchange effect on cash	(576,184)	210,004
Cash and bank balances at the beginning of the year	2,770,357	1,148,505
Cash and bank balances at the end of the year	3,113,422	2,770,357

The accompanying notes 1-26 below are an integral part of these financial statements.

Notes to the financial statements

1 GENERAL INFORMATION

“SAS Group” LLC (the “Company”) was registered in the State Register of Legal Entities of the Republic of Armenia in 1996.

The participants of the Company are as follows:

- Aram Sargsyan, 50%
- Artak Sargsyan, 50%

The Company's registered address is 18 building, Mashtots ave., Yerevan, Armenia.

The Company is a prominent Armenian retail and import company headquartered in Yerevan. Established in 1996, it operates one of Armenia's fastest-growing supermarket chains (SAS Supermarkets) and has expanded its presence to Bulgaria, Georgia, and the United States. The company is also known for launching SAS.am, Armenia's first online supermarket, offering over 30,000 products for convenient shopping nationwide and internationally.

Core Business Activities

- Retail: Operates a leading supermarket chain in Armenia.
- Online Shopping: Pioneered Armenia's first online supermarket, SAS.am.
- Clothing Franchising: Holds exclusive franchise rights for international brands such as NEXT, DEBENHAMS, RIVER ISLAND, and ALDO.
- Food Importing: One of Armenia's leading food importers, partnering with global suppliers to bring diverse products to the local market.

Business environment

The changes in political and economic environment and the development of the legal, tax and legislative systems in Armenia have continuing nature. The stability and development of the Armenian economy largely depend on these changes. The government has brought a renewed commitment to good governance, including anticorruption efforts, transparency, and accountability.

The conflict broke out on 24 February 2022 in Ukraine has evolved rapidly, having a significant impact around the world. The United States and the European countries have imposed severe sanctions against the Russian Federation. The Western countries are discussing widening existing sanctions. The Russian Federation is a significant trading partner of the Republic of Armenia, hence sanctions imposed on Russia as of the date of these financial statements, as well as the escalation of those sanctions had a radical effect on the economy and financial markets of the Republic of Armenia. The immediate global implications were higher inflation, lower growth, and some disruption to financial markets as deeper sanctions take hold.

The conflict in Ukraine caused thousands of Russians and Ukrainians to relocate to the Republic of Armenia. This included not only individuals but also businesses that were established and operated in those countries. This resulted in increased inflows of foreign currency into the Armenian market, which led to a significant appreciation of the Armenian dram relative to the US dollar and Euro. On the other hand, the Central Bank of Armenia did not take any measures to weaken the Armenian national currency.

Management does not expect that there will be any further appreciation of the Armenian dram relative to the US dollar and Euro. However, the continuing conflict in Ukraine may result in inflows of still more foreign currency into Armenia, which may have a negative impact on the financial sustainability of the Company. These financial statements do not include the possible effects of the above.

These events may have a further significant impact on the Company's future operations and financial stability, the full consequences of which are currently difficult to predict. The future economic and political situation and its impact on the Company's operations may differ from the management's current expectations.

The Company’s management considers its current liquidity position to be sufficient the sustainable functioning. The Company monitors its liquidity position on regular basis and intends to use appropriate liquidity position instruments, if necessary.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 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.

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

2.4 Use of estimates and judgment

The preparation of financial statements in conformity with IFRSs requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 19 to the financial statements. Although these estimates are based on management’s best knowledge of current events and actions, actual results ultimately may differ from those estimates and the original estimates and assumptions will be modified as appropriate in the year in which circumstances change.

2.5 Adoption of new and revised standards

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

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

New and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2025

New standards and amendments described below and applied for the first time in 2025 did not have any material impact on the annual financial statements of the Company:

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

Except for the amendments to IAS 1 and the amendments to IFRS Practice Statement 2, "Disclosure of Accounting Policies", as presented below, other standards and amendments did not have a significant impact on the Company's financial statements.

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

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 MATERIAL 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 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 and 4.87 drams for 1 Russian ruble as of 31 December 2025 (31 December 2024: 396.56 drams for 1 US dollar, 413.89 drams for 1 euro and 3.71 drams for 1 Russian ruble). Non-monetary items are not retranslated and are measured at historic cost (translated using the exchange rates at the transaction date).

3.2 Property and equipment

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

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

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

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

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

3.3 Intangible assets

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

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

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

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

3.5 Leased assets

The Company as a lessee

The Company makes the use of leasing arrangement principally for the provision of the commercial and related facilities. The rental contract is typically negotiated for terms of 15-20 years. The Company does not enter into sale and leaseback arrangements. Lease is negotiated on an individual basis and contain a wide variety of different terms and conditions such as escalation clauses.

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

Measurement and recognition of leases as a lessee

At lease commencement date, the Company 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 is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

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

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

Lease payments included in the measurement of the lease liability are made up of fixed payments.

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

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

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

3.6 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 selling expenses. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.7 Financial instruments

Recognition and derecognition

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

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

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

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

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. A summary of the Company's financial assets by category is given in note 22.

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

Trade and other receivables

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

Cash and cash equivalents

Cash and bank balances comprise bank accounts. For the purpose of the statement of cash flows, cash equivalents are on-demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables and lease liabilities. A summary of the Company's financial liabilities by category is given in note 22.

Trade and other payables

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

3.8 Equity

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

Accumulated profit/(loss) includes all current and prior period retained profits and losses.

All transactions with owners are recorded separately within equity.

Dividends are recognized as a liability in the period in which they are declared.

3.9 Provisions

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

3.10 Employee benefits

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

(a) wages, salaries and bonuses;

(b) paid annual leaves and paid disability leaves;

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

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

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

Paid absences

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

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

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

Bonuses

The expected cost of bonus payments is recognized when and only when the Company 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 Company has no realistic alternative but to make the payments.

3.11 Revenue

The Company is a retail grocery chain primarily engaged in the sale of food, household essentials, and everyday consumer goods through a network of physical supermarket locations. Its core activities include:

1. Retail Sales Operations
   - Offering a broad assortment of fresh produce, dairy, meat, bakery, and packaged goods.
   - Supplying non-food items such as personal care products, cleaning supplies, and kitchenware.
2. Procurement and Supply Chain Management
   - Sourcing products from local and international suppliers.
   - Managing logistics and inventory across distribution centers and store locations to ensure consistent product availability.
3. Customer Service and In-Store Experience
   - Providing customer-focused services, including promotions, loyalty programs, and in-store assistance.
   - Maintaining clean, organized, and accessible store environments.
4. Digital Integration
   - Operating online ordering platforms or delivery services (subject to availability in operational regions).

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

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

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

4 PROPERTY AND EQUIPMENT

in thousand drams	Buildings	Constructions	Machinery and equipment	Vehicles	Fixtures and fittings	Computers	Other	Total
Cost								
As of 1 January 2024	2,040,248	38,766	2,241,477	435,228	1,143,147	178,561	243,799	6,321,226
Addition	94,288	-	148,126	51,179	255,802	47,340	51,908	648,643
As of 31 December 2024	2,134,536	38,766	2,389,603	486,407	1,398,949	225,901	295,707	6,969,869
Addition	34,771	-	67,652	833	422,406	28,206	161,742	715,610
Disposal	-	-	(48,005)	-	-	-	-	(48,005)
As of 31 December 2025	2,169,307	38,766	2,409,250	487,240	1,821,355	254,107	457,449	7,637,474
Accumulated depreciation								
As of 1 Janaury 2024	665,221	28,323	1,868,287	163,115	733,070	150,370	113,913	3,722,299
Charge for the year	101,470	2,745	61,417	35,368	99,514	29,740	29,603	359,857
As of 31 December 2024	766,691	31,068	1,929,704	198,483	832,584	180,110	143,516	4,082,156
Charge for the year	81,165	2,257	66,407	39,744	127,130	34,389	33,341	384,433
Eliminated on disposal	-	-	(11,682)	-	-	-	-	(11,682)
As of 31 December 2025	847,856	33,325	1,984,429	238,227	959,714	214,499	176,857	4,454,907
Carrying amount								
As of 31 December 2024	1,367,845	7,698	459,899	287,924	566,365	45,791	152,191	2,887,713
As of 31 December 2025	1,321,451	5,441	424,821	249,013	861,641	39,608	280,592	3,182,567

Depreciation expense has been charged to distribution and marketing expenses: drams 344,270 thousand, administrative expenses: drams 40,163 thousand (2024: distribution and marketing expenses: drams 230,141 thousand, administrative expenses: drams 123,818 thousand, cost of sales: drams 5,898 thousand).

5 RIGHT OF USE ASSETS

in thousand drams	Commercial premises
Cost	
As of 1 January 2024	4,447,504
Addition	-
As of 31 December 2024	4,447,504
Addition	-
As of 31 December 2025	4,447,504
Accumulated depreciation	
As of 1 January 2024	748,637
Charge for the year	814,249
As of 31 December 2024	1,562,886
Charge for the year	794,576
As of 31 December 2024	2,357,462
Carrying amount	
As of 31 December 2024	2,884,618
As of 31 December 2025	2,090,042

Depreciation expense has been charged to distribution and marketing expenses.

6 DEFERRED TAX ASSETS

in thousand drams	2025	2024
Balance at the beginning of year	350,402	158,333
Credited to profit or loss	85,034	192,069
Balance at the end of year	435,436	350,402

in thousand drams	1 January 2025	Recognized in profit or loss	31 December 2025
Deferred income tax assets			
Lease liability	661,435	66,314	727,749
Tax loss	124,303	(124,303)	-
Provision on unused vacations	83,895	-	83,895
	869,633	(57,989)	811,644
Deferred income tax liabilities			
Right of use assets	(519,231)	143,023	(376,208)
	(519,231)	143,023	(376,208)
Net position – deferred income tax assets	350,402	85,034	435,436

in thousand drams	1 January 2024	Recognized in profit or loss	31 December 2024
Deferred income tax assets			
Lease liability	700,384	(38,949)	661,435
Tax loss	-	124,303	124,303
Provision on unused vacations	123,745	(39,850)	83,895
	824,129	45,504	869,633
Deferred income tax liabilities			
Right of use assets	(665,796)	146,565	(519,231)
	(665,796)	146,565	(519,231)
Net position – deferred income tax assets	158,333	192,069	350,402

7 INVENTORIES

in thousand drams	As of 31 December 2025	As of 31 December 2024
Raw materials	1,719,226	922,316
Goods	8,279,965	6,651,047
Other	1,620	1,620
	10,000,811	7,574,983

8 TRADE AND OTHER RECEIVABLES

in thousand drams	As of 31 December 2025	As of 31 December 2024
Financial assets		
Trade receivables	5,152,257	4,415,696
Estimated credit losses	(477,041)	(643,921)
	4,675,216	3,771,775
Non-financial assets		
Prepayments	7,520,136	6,750,766
Impairment allowance	(595,984)	-
Tax receivables	447,171	1,003,956
Other receivables	11,914	3,138
	7,383,237	7,757,860
	12,058,453	11,529,635

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

The average credit period on sales of services is 54 days (2024: 50 days). No interest is charged on the trade receivables.

All of the Company’s trade and other receivables in the comparative periods have been reviewed for indicators of impairment.

The Company's trade receivables include certain balances at the amount of 2,879,872 thousand drams with commercial partners that are currently under review by management. Due to this uncertainty, appropriate adjustments to the allowance for trade receivables may be made during the upcoming financial year. An allowance has been recognized for trade receivables amounting to 447,041 thousand drams.

Note 23 (b) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

Refer to note 23 (a) for the currencies in which the trade and other receivables are denominated.

9 BORROWINGS PROVIDED

in thousand drams	As of 31 December 2025	As of 31 December 2024
Entities under common control		
Sena-Arba LLC	17,282	500,250
Elizas LLC	2,546,141	2,812,215
Luizas LLC	178,924	137,722
Riviera Retail LLC	263,529	274,033
Rovil Trading LLC	274,690	285,638
777 Terminal LLC	17,339	-
Other entities	1,160	2,109
Shareholders and other related parties		
Artak Sargsyan	1,572,401	2,635,660
Aram Sargsyan	1,277,846	2,500,482
Samvel Sargsyan	525,236	533,817
	6,674,548	9,681,926

These borrowings have a maturity period of one year, are interest-free, and are not secured by collateral.

10 CASH AND BANK BALANCES

in thousand drams	As of 31 December 2025	As of 31 December 2024
Cash	2,339,477	2,077,671
Bank balances	773,945	692,686
	3,113,422	2,770,357

Refer to note 22 for the currencies in which the cash and bank balances are denominated.

11 CAPITAL AND RESERVES

11.1 Charter capital

The Company has one class of ordinary shares, which carry no right to fixed income.

The charter capital consists of 12 shares, each with a nominal value of 18,008,750 drams, and is held by the following shareholders:

- Aram Sargsyan 50%
- Artak Sargsyan 50%

12 LOANS AND BORROWINGS

in thousand drams	As of 31 December 2025	As of 31 December 2024
Bank loans		
Black Sea Trade and Development Bank	6,735,150	-
Ameriabank CJSC	1,415,413	2,432,588
Ardshinbank CJSC	16,712,797	12,407,308
ACBA bank OJSC	397,292	903,624
HSBC bank CJSC (former)	-	5,213,790
	25,260,652	20,957,310
Borrowings from related parties		
Ilenia LLC	-	429,255
777 Terminal LLC	163,646	-
Other borrowings	984	-
	164,630	429,255
Other borrowings		
Balge International	640,258	377,465
	640,258	377,465
	26,065,540	21,764,030

Bank loans received at interest rates ranging from 3% to 15%. Interest accrued as of 31 December 2025 is 1,750,139 thousand drams (2024: 1,366,396 thousand drams).

Borrowings from related parties and others are interest-free, have a maturity of one year, and are unsecured.

13 LEASE LIABILITY

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	774,627	751,331
Non-current	3,268,425	2,923,307
	4,043,052	3,674,638

The Company has leases for the commercial premises and warehouses. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security.

For leases over office buildings and warehouse premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2025 were as follows:

In thousand drams	Minimum lease payments	
	As of 31 December 2025	As of 31 December 2024
Within one year		
Lease payments	1,046,993	932,006
Finance charges	(272,366)	(180,675)
	774,627	751,331
In second to fifth years inclusive		
Lease payments	3,023,732	4,094,109
Finance charges	(392,474)	(1,249,797)
	2,631,258	2,844,312
More than five years		
Lease payments	702,334	164,738
Finance charges	(65,167)	(85,743)
	637,167	78,995
Net present value	4,043,052	3,674,638

14 TRADE AND OTHER PAYABLES

In thousand drams	As of 31 December 2025	As of 31 December 2024
Trade payables	6,857,973	7,132,663
Advances received	1,300,041	2,921,266
Tax payable	96,752	1,023,561
Employee remunerations	390,692	457,862
Provision on unused holidays	466,082	466,082
Other payables	154,207	75,552
	9,265,747	12,076,986

The average credit period on purchase of certain goods is 112 days (2024: 132 days). No interest is charged on the trade payables. The Company has financial risk management policies to ensure that all payables are paid within the credit timeframe.

Refer to note 22 for more information about the Company's exposure to foreign currency risk.

15 REVENUE

In thousand drams	Year ended 31 December 2025	Year ended 31 December 2024
Sale of goods	33,351,899	31,673,067
Services provided	1,174,479	630,034
	34,526,378	32,303,101

16 DISTRIBUTION AND MARKETING EXPENSES

In thousand drams	Year ended 31 December 2025	Year ended 31 December 2024
Employee compensation	4,556,644	4,218,055
Depreciation and amortization	1,138,846	1,044,390
Materials	257,274	211,125
Services received	3,176,391	1,018,656
Marketing expenses	92,576	75,158
	9,221,731	6,567,384

17 ADMINISTRATIVE EXPENSES

In thousand drams	Year ended 31 December 2025	Year ended 31 December 2024
Employee compensation	1,816,445	2,269,180
Depreciation and amortization	52,606	133,157
Office expenses	136,623	353,784
Business trips	15,735	111,350
Bank expenses	352,228	239,098
Other	309,504	281,403
	2,683,141	3,387,972

18 OTHER EXPENSES

In thousand drams	Year ended 31 December 2025	Year ended 31 December 2024
Provision on overdue receivables	847,965	643,921
Other	129,471	169,484
	977,436	813,405

19 POST BALANCE SHEET EVENTS

After the reporting date, but before the approval of the financial statements, on 28 February 2026, the military forces of the United States and Israel launched an attack on Iran, which was followed by retaliatory actions directed at various countries in the region. This military escalation may have significant consequences for the entire economy of the Republic of Armenia, given the substantial trade and economic ties Armenia maintains both with Iran and with other countries involved in the military operations.

The Company does not have direct trading partners in the regional countries involved in the military action, however, the broad impact of this conflict will also have certain consequences on the Company’s operations. Management continuously analyzes the impact of the escalation on the results of the Company’s activities, however, as of the date of approval of the financial statements, it is not possible to make reliable quantitative estimates.

20 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

21 CRITICAL ACCOUNTING ESTIMATES

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

Useful lives of property and equipment

Management has estimated useful lives of the property and equipment. Management believes that estimated useful lives of the property and equipment are not materially different from economical lives of those assets. If actual useful lives of property and equipment are different from estimations, financial statements may be materially different.

Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

22 FINANCIAL INSTRUMENTS

22.1 Material accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in note 3.

22.2 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
Amortized cost		
Trade and other receivables	4,675,216	3,771,775
Borrowings provided	6,674,548	9,681,926
Cash and bank balances	3,113,422	2,770,357
Total financial assets	14,463,186	16,224,058

Financial liabilities

in thousand drams	As of 31 December 2025	As of 31 December 2024

Amortized cost		
Loans and borrowings	26,065,540	21,764,030
Lease liability	4,043,052	3,674,638
Trade and other payables	7,012,180	7,208,215
	37,120,772	32,646,883

23 FINANCIAL RISK MANAGEMENT

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

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

Financial risk factors

a) Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk, which result from both its operating and investing activities.

Foreign currency risk

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

Most of the Company's transactions are carried out in Armenian drams. Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in Russian ruble and Euro.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated into Armenian drams at the closing rate:

Item	As of 31 December 2025		
	US dollar	Euro	Other
Financial assets			
Borrowings provided	2,045,690	-	-
Trade and other receivables	2,557,902	751,527	-
Bank balances	2,531	-	116
	4,606,123	751,527	116
Financial liabilities			
Loans and borrowings	18,786,342	6,903,529	-
Trade and other payables	1,089,224	370,430	-
	19,875,566	7,273,959	-
Net position	(15,269,443)	(6,522,432)	116

Item	As of 31 December 2024		
	US dollar	Euro	Other
Financial assets			
Borrowings provided	1,988,768	-	-
Trade and other receivables	2,164,764	304,405	701,594
Bank balances	2,857	2	596

	4,156,389	304,407	702,190
Financial liabilities			
Loans and borrowings	21,079,365	-	183,838
Trade and other payables	909,873	339,906	438,167
	21,989,238	339,906	622,005
Net position	(17,832,849)	(35,499)	80,185

The following table details the Company's sensitivity to a 10% (2024: 10%) increase and decrease in dram against Russian ruble and Euro. 10% (2024: 10%) represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2024: 10%) change in foreign currency rates.

If Armenian dram had strengthened against US dollar and Euro by 10% (2024: 10%) then this would have had the following impact:

in thousand drams	US dollar impact	Euro impact	Other currency impact
	2025	2025	2025
Profit or loss	(1,526,944)	(652,243)	12
	(1,526,944)	(652,243)	12

in thousand drams	US dollar impact	Euro impact	Other currency impact
	2024	2024	2024
Profit or loss	(1,783,285)	(3,550)	8,019
	(1,783,285)	(3,550)	8,019

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

b) Credit risk

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

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

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

The Company continuously monitors the credit quality of customers. Where available, external credit ratings and/or reports on customers are obtained and used. The Company's policy is to deal only with credit worthy counterparties. The credit terms range between 30 and 90 days. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Trade receivables consist of a large number of customers in various industries. The Company does not hold any security on the trade receivables balance. In addition, the Company does not hold collateral relating to other financial assets (e.g. derivative assets, cash and cash equivalents held with banks).

Trade receivables

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

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations.

The Company's policy is to run a prudent liquidity management policy by means of holding sufficient cash and bank balances, as well as highly liquid assets for making all operational and debt service-related payments when those become due.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

2025	Non-interest bearing	Interest bearing	Finance lease liability	Total
Weighted average effective interest rate (%)		*4-15%*	*13.65%*	
Less than 6 months	3,428,987	3,413,065	387,314	7,229,365
6 months to 1 year	3,583,194	3,413,065	387,314	7,383,572
More than 1 year	-	19,239,411	3,268,425	22,507,836
	7,012,180	26,065,540	4,043,052	37,120,772

2024	Non-interest bearing	Interest bearing	Finance lease liability	Total
Weighted average effective interest rate (%)		*4-15%*	*13.65%*	
Less than 6 months	3,566,332	4,426,632	375,666	8,368,629
6 months to 1 year	3,641,884	4,426,632	375,666	8,444,181
More than 1 year	-	12,910,766	2,923,307	15,834,073
	7,208,215	21,764,030	3,674,638	32,646,883

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, particularly its cash resources and trade receivables. The Company's cash resources and trade receivables are significantly less than the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within 12 months.

24 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern and provide adequate return to stakeholders.

The capital structure of the Company consists of equity attributable to equity holders, comprising issued capital and accumulated profits.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital using a ratio of "net debt" to "adjusted equity".

in thousand drams	As of 31 December 2025	As of 31 December 2024
Net debt		
Borrowings	26,065,540	21,764,030
Less: subordinated loans	(163,646)	(429,255)
Less: cash and bank balances	(3,113,422)	(2,770,357)
	22,788,472	18,564,418
Adjusted equity		
Total equity	(1,705,138)	384,233
Add: subordinated loans	164,630	429,255
	(1,540,508)	813,488
Net debt to adjusted equity ratio	(14.79)	22.82

25 CONTINGENCIES

25.1 Insurance

The Armenian insurance industry is in its development stage and many forms of insurance protection common in other parts of the world are not yet generally available in Armenia. The Company does not have full coverage for its facilities, business interruption, or third party liability in respect of property or environmental damage arising from accidents on the Company property or relating to the Company operations. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets or environmental damage could have a materially adverse effect on the Company'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 Company's related parties include its participants and entities under common control, key management as described below.

26.1 Control relationships

The company is controlled by its participants, each owning 50%: Aram Sargsyan, Artak Sargsyan.

26.2 Transactions with related parties

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

In thousand drams	As of 31 December 2025	As of 31 December 2024
Shareholders		
Borrowings provided	2,850,247	5,136,142
Entities under common control		
Trade and other receivables	416,844	3,492,193
Trade and other payables	602,507	2,185,078
Borrowings received	163,646	429,255
Borrowings provided	3,299,065	4,011,967

26.3 Transactions with management and close family members

Directors of the Company and their close family members as of 31 December 2025 and 31 December 2024 had no significant shares in the Company.

Key management received the following remuneration during the year, which is included in employee renumerations.

In thousand drams	As of 31 December 2025	As of 31 December 2024
Salaries and bonuses	5,775	5,775