

ASCE Group OJSC

**Consolidated Financial Statements
for 2024**

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Independent Auditors' Report

To the Board of Directors of ASCE Group OJSC

Opinion

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

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

Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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


Davit Shamshtyan
Engagement Partner


Irina Gevorgyan
Director of KPMG Armenia LLC


KPMG Armenia LLC
30 April 2025



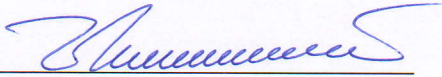
Consolidated Statement of Financial Position as at 31 December 2024

'000 AMD	Note	31 December 2024	31 December 2023
Assets			
Property, plant and equipment	12	42,577,981	38,950,596
Investment property	13	1,050,228	1,072,520
Right of use asset	14	183,110	-
Prepayments for non-current assets		528,058	189,429
Other assets		11,766	4,938
Non-current assets		44,351,143	40,217,483
Inventories	15	9,722,597	12,279,756
Financial assets at fair value through profit or loss	18	2,039,067	-
Current tax assets		104,682	-
Trade and other receivables	16	8,786,787	8,704,360
Cash and cash equivalents	17	3,887,774	2,690,656
Current assets		24,540,907	23,674,772
Total assets		68,892,050	63,892,255
Equity			
Share capital	19	10,697,053	9,753,195
Retained earnings		20,519,235	18,898,626
Total equity		31,216,288	28,651,821
Liabilities			
Loans and borrowings	21	4,441,555	6,425,763
Deferred tax liabilities	11	3,741,956	3,733,969
Bonds issued	23	22,952,716	21,071,850
Lease liability	14	163,125	-
Non-current liabilities		31,299,352	31,231,582
Loans and borrowings	21	4,612,295	2,151,081
Trade and other payables	22	1,636,207	1,462,070
Bonds issued	23	100,308	124,967
Lease liability	14	27,600	-
Current tax liability		-	270,734
Current liabilities		6,376,410	4,008,852
Total liabilities		37,675,762	35,240,434
Total equity and liabilities		68,892,050	63,892,255

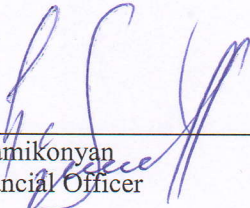
Consolidated Statement of Profit or Loss and Other Comprehensive Income for 2024

'000 AMD	Note	2024	2023
Revenue	5	22,486,078	30,940,005
Cost of sales	6	(17,044,799)	(21,128,269)
Gross profit		5,441,279	9,811,736
Other income	7	288,697	96,315
Distribution expenses		(82,915)	(1,190)
Administrative expenses	8	(723,160)	(782,335)
Other expenses	9	(225,066)	(160,322)
Results from operating activities		4,698,835	8,964,204
Finance income	10	971,385	491,552
Finance costs	10	(3,134,876)	(3,367,918)
Net finance costs		(2,163,491)	(2,876,366)
Profit before income tax		2,535,344	6,087,838
Income tax expense	11	(367,280)	(802,717)
Profit and total comprehensive income for the year		2,168,064	5,285,121
Earnings per share			
Basic earnings per share (AMD)	19 (c)	34	84

These consolidated financial statements were approved by management on 30 April 2025 and were signed on its behalf by:



Hrachya Muradyan
Director



Karine Mamikonyan
Chief Financial Officer



Consolidated Statement of Changes in Equity for 2024

'000 AMD	Share capital	Retained earnings	Total
Balance at 1 January 2023	9,438,576	13,928,124	23,366,700
Total comprehensive income			
Profit for the year	-	5,285,121	5,285,121
Total comprehensive income for the year	-	5,285,121	5,285,121
Transactions with owners of the Group			
Transfer of retained earnings to share capital (Note 19)	314,619	(314,619)	-
Total transactions with owners of the Group	314,619	(314,619)	-
Balance at 31 December 2023	9,753,195	18,898,626	28,651,821
Balance at 1 January 2024	9,753,195	18,898,626	28,651,821
Total comprehensive income			
Profit for the year	-	2,168,064	2,168,064
Total comprehensive income for the year	-	2,168,064	2,168,064
Transactions with owners of the Group			
Transfer of retained earnings to share capital (Note 19)	943,858	(943,858)	-
Other contribution (Note 23)	-	396,403	396,403
Total transactions with owners of the Group	943,858	(547,455)	396,403
Balance at 31 December 2024	10,697,053	20,519,235	31,216,288

Consolidated Statement of Cash Flows for 2024

'000 AMD	2024	2023
Cash flows from operating activities		
Cash receipts from customers	27,835,686	37,776,191
Cash paid to employees	(1,460,208)	(1,996,389)
Cash paid to suppliers	(12,888,483)	(22,308,412)
Taxes other than on income	(3,624,769)	(5,586,844)
Other payments	(43,520)	(152,116)
Cash flows from operations before income taxes and interest paid	9,818,706	7,732,430
Interest paid	(2,232,218)	(2,413,506)
Interest received	190,000	-
Income tax paid	(734,711)	(947,930)
Net cash from operating activities	7,041,777	4,370,994
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,437,953)	(4,145,278)
Proceeds from sale of non-current assets	-	6,188
Acquisition of financial assets at fair value through profit or loss	(2,004,584)	-
Net cash used in investing activities	(8,442,537)	(4,139,090)
Cash flows from financing activities		
Proceeds from loans and borrowings	9,568,897	4,103,353
Repayment of loans and borrowings	(8,999,357)	(2,125,585)
Proceeds from bonds issued	20,919,600	-
Repayment of bonds issued	(18,865,362)	-
Lease payments	(3,853)	-
Net cash from financing activities	2,619,925	1,977,768
Net increase in cash and cash equivalents	1,219,165	2,209,672
Cash and cash equivalents at 1 January	2,690,656	479,600
Effect of exchange rate fluctuations on cash and cash equivalents	(22,047)	1,384
Cash and cash equivalents at 31 December	3,887,774	2,690,656

Notes to the Consolidated Financial Statements for 2024

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1. Reporting entity

(a) Organisation and operations

These consolidated financial statements have been prepared for the year ended 31 December 2024 for ASCE Group OJSC (the “Company”) and its subsidiary (together referred to as the “Group”).

ASCE Group OJSC (the “Company”) is an open joint stock company incorporated in the Republic of Armenia. The Company was established as a result of privatization of Haydzul CJSC (previously “Autodzul” state enterprise) as an open joint stock company on 4 September 1998.

The Company’s registered office is 2 Yerevanyan Street, Charentsavan, Kotayk region, Republic of Armenia.

The Company was first rated by S&P Global Ratings in 2023. The current rating is B- with negative outlook.

As at 31 December 2024, and 31 December 2023, the following shareholders directly owned more than 3% of the total outstanding shares of the Company:

% of ownership interest as at 31 December	2024	2023
Moraco Holding Limited	49.35%	49.35%
Mikhail Harutyunyan	16.53%	16.53%
Tigran Harutyunyan	16.53%	16.53%
Vahan Harutyunyan	16.30%	16.30%

Other shareholders individually owned less than 3% of the outstanding shares.

As at 31 December 2024 and 31 December 2023 Moraco Holding Limited is controlled by Mikhail Harutyunyan. The ultimate controlling party of the Group as at 31 December 2024 and 31 December 2023 is Mikhail Harutyunyan.

Related party transactions are disclosed in Note 26.

The Groups’s principal activity is production and distribution of steel rebars and balls at plant located in Charentsavan. The Group’s products are sold in the Republic of Armenia and abroad.

Consolidated subsidiary is presented in the table below:

Subsidiary	Country of incorporation	2023 Ownership/voting	2023 Ownership/voting
ASCE Trade LLC	Republic of Armenia	100%	100%

Principal activities of the subsidiary is trading with ASCE Group OJSC issued debt securities.

(b) Business environment

The Group’s operations are primarily located in Armenia. Consequently, the Group is exposed to the economic and financial markets of Armenia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Armenia. Additionally, continuous military conflicts between Armenia and Azerbaijan eventually leading to Azerbaijan remaining in effective control of Nagorno-Karabakh territory in September 2023 and ongoing military conflict between the

Russian Federation and Ukraine have increased the level of uncertainty in the business environment. The situation between Armenia and Azerbaijan continues to be tense due to ongoing disagreements regarding the delimitation of borders between Armenia and Azerbaijan.

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

2. Basis of accounting

Statement of compliance

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

3. Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian Dram ("AMD"), which is the functional currency of the Company and each of the Group's consolidated entities and the currency in which these consolidated financial statements are presented. All financial information presented in AMD has been rounded to the nearest thousand, except when otherwise indicated.

4. Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in Note 28(f)(iii) – useful lives of property, plant and equipment.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in Note 24 – financial instruments.

5. Revenue

(a) Revenue streams

The Group generates revenue primarily from the sale of steel rebars and balls.

'000 AMD	2024	2023
Sale of goods	22,486,078	30,927,254
Revenue from services provided	-	12,751
Total revenue from contracts with customers	22,486,078	30,940,005

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and timing of revenue recognition for the year ended 31 December 2024.

'000 AMD	Mining companies	Construction companies	Companies from other industries	Total
Primary geographical markets				
Republic of Armenia	1,411,807	20,866,400	207,871	22,486,078
	1,411,807	20,866,400	207,871	22,486,078
Major products				
Steel rebars	-	20,866,054	26,725	20,892,779
Steel balls	1,411,807	346	-	1,412,153
Steel billets	-	-	181,146	181,146
	1,411,807	20,866,400	207,871	22,486,078
Timing of revenue recognition				
Products transferred at a point in time	1,411,807	20,866,400	207,871	22,486,078
Revenue from contracts with customers	1,411,807	20,866,400	207,871	22,486,078

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and timing of revenue recognition for the year ended 31 December 2023.

'000 AMD	Mining companies	Construction companies	Companies from other industries	Total
Primary geographical markets				
Republic of Armenia	2,441,085	28,328,412	163,582	30,933,079
Export to Georgia	-	-	6,926	6,926
	2,441,085	28,328,412	170,508	30,940,005
Major products				
Steel rebars	-	28,316,534	11,810	28,328,344
Steel balls	2,441,085	-	13,386	2,454,471
Steel billets	-	-	144,439	144,439
Transportation services	-	11,878	873	12,751
	2,441,085	28,328,412	170,508	30,940,005
Timing of revenue recognition				
Products transferred at a point in time	2,441,085	28,316,534	169,635	30,927,254
Services transferred over time	-	11,878	873	12,751
Revenue from contracts with customers	2,441,085	28,328,412	170,508	30,940,005

(c) **Contract balances**

The following table provides information about receivables and contract liabilities from contracts with customers.

'000 AMD	Note	31 December 2024	31 December 2023
Receivables, which are included in 'trade and other receivables'	16	6,723,710	6,851,752

The contract liabilities relate to the advance consideration received from customers. No contract liabilities exist as at 31 December 2024 (as at 31 December 2023: nil)

(d) Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of steel rebars, balls and billets	Customers obtain control of the goods when the goods are delivered to the specified point or dispatched from the Group's warehouse according to sales contracts. Invoices are generated at that point in time. Invoices are usually payable within two months period. No discounts, loyalty points or returns are offered for the goods.	Revenue is recognised when the goods are delivered at or dispatched from the specified place by the contract.
Rendering of transportation services	The Group also performs transportation services for goods sold to the customers. Invoices are usually payable within two months period.	Revenue is recognised over the time as the service is performed.

6. Cost of sales

'000 AMD	2024	2023
Materials	10,358,817	13,200,279
Utilities	2,910,532	3,815,497
Wages and salaries	1,952,826	2,187,795
Depreciation	1,633,230	1,807,518
Other	189,394	117,180
	17,044,799	21,128,269

Expenses by nature

'000 AMD	2024	2023
Changes in inventories of finished goods and work in progress	1,885,787	(1,433,787)
Materials	9,211,560	14,093,851
Wages and salaries	2,162,161	2,793,388
Utilities	2,642,119	4,119,641
Depreciation	1,653,293	1,969,516
Insurance and bank charges	103,573	137,253
Professional services	48,484	64,730
Taxes, other than on income	19,317	17,016
Security	7,200	7,200
Write-off of prepayments given	1,780	3,481
Other expenses	257,751	298,636
	17,993,025	22,070,925

7. Other income

'000 AMD	2024	2023
Operating leases	179,752	60,272
Insurance refund	21,201	3,661
Excise tax refund	28,451	22,687
Write-off of payables	7,013	171
Transportation services	1,325	-
Other	50,955	9,524
	288,697	96,315

8. Administrative expenses

'000 AMD	2024	2023
Wages and salaries*	425,614	457,494
Insurance and bank charges	103,573	137,253
Office and utility expenses	53,933	45,860
Depreciation	39,753	39,641
Professional services	32,484	48,730
Taxes, other than on income	19,317	17,016
Audit fee	16,000	16,000
Security	7,200	7,200
Other	25,286	13,141
	723,160	782,335

* Total employee benefits for 2024 amounted to AMD 2,760,604 thousand (2023: AMD 2,793,063 thousand).

9. Other expenses

'000 AMD	2024	2023
Depreciation from idle time*	161,193	-
Expenses from power alienation	26,109	7,384
Write-off of goods	17,828	18,351
Donations	8,965	32,471
Write-off of prepayments given	1,780	3,481
Fines and penalties	65	40
Vacation reserve	-	96,943
Other	9,126	1,652
	225,066	160,322

* Due to technical accident in production factory the production of work in progress was partially terminated from April till August 2024. The respective depreciation from idle time is charged to other expenses.

10. Net finance costs

'000 AMD	2024	2023
Interest income under the effective interest method on cash and cash equivalents	127	672
Subsidised loan interest income	592,749	490,880
Financial assets measured at fair value through profit or loss – interest income	187,889	-
Net foreign exchange gain	154,026	-
Financial assets measured at fair value through profit or loss – net change in fair value	36,594	-
Finance income	971,385	491,552
Financial liabilities measured at amortized cost – interest expense	(3,111,129)	(2,910,576)
Interest expense on lease liabilities	(23,747)	-
Net foreign exchange loss	-	(457,342)
Finance costs	(3,134,876)	(3,367,918)
Net finance costs recognized in profit or loss	(2,163,491)	(2,876,366)

11. Income taxes

(a) Amounts recognised in profit or loss

The Group's applicable tax rate is the income tax rate of 18% (2023: 18%) for Armenian companies.

'000 AMD	2024	2023
Current tax expense		
Current year	359,294	891,408
	359,294	891,408
Deferred tax expense		
Origination and reversal of temporary differences	7,986	(88,691)
Total tax expense	367,280	802,717

Reconciliation of effective tax rate:

	2024		2023	
	'000 AMD	%	'000 AMD	%
Profit before tax	2,535,344	100%	6,087,838	100%
Income tax at applicable tax rate	456,362	18%	1,095,811	18%
Tax relief*	(153,078)	(6)%	(382,032)	(6)%
Non-deductible expenses/(non taxable income)	63,996	3%	88,938	2%
	367,280	15%	802,717	13%

* The RA Government decision N 498-A dated 15 April 2022 provides tax incentive program for the Company, according to which, the business plan (the plan) of the Company was approved and from commencement of the plan from 30 April 2022 and during the subsequent five tax years, the salaries and wages of new employees hired in the scope of the plan are deducted from the income tax amount at 100%. The deduction has a maximum cap of 30% of Group's income tax.

(b) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
'000 AMD						
Property, plant and equipment	-	-	3,780,231	3,776,342	3,780,231	3,776,342
Financial instruments available for sale	-	-	6,587	-	6,587	-
Inventories	-	-	13,007	37,023	13,007	37,023
Trade and other receivables	(30,993)	(44,113)	-	-	(30,993)	(44,113)
Trade and other payables	(26,876)	(35,283)	-	-	(26,876)	(35,283)
Net tax (assets)/liabilities	(57,869)	(79,396)	3,799,825	3,813,365	3,741,956	3,733,969

(c) Movement in deferred tax balances

All movements in deferred tax balances are recognized in profit or loss.

12. Property, plant and equipment

'000 AMD	Land, buildings and structures	Machinery and equipment	Transport vehicles	Other	Construction in progress	Total
<i>Cost</i>						
Balance at 1 January 2023	11,190,403	21,970,030	5,771,997	311,798	144,720	39,388,948
Additions	701,223	1,966,573	214,334	139,946	4,236,719	7,258,795
Transfers	-	(914,671)	20,869	(550)	894,352	-
Disposals	(1,000)	(867)	-	(9,800)	-	(11,667)
Balance at 31 December 2023	11,890,626	23,021,065	6,007,200	441,394	5,275,791	46,636,076
Balance at 1 January 2024	11,890,626	23,021,065	6,007,200	441,394	5,275,791	46,636,076
Additions	431,254	1,008,711	409,435	407,994	3,220,534	5,477,928
Transfers	-	1,034,062	-	(309,481)	(724,581)	-
Disposals	-	-	-	-	-	-
Balance at 31 December 2024	12,321,880	25,063,838	6,416,635	539,907	7,771,744	52,114,004
<i>Depreciation</i>						
Balance at 1 January 2023	(1,163,704)	(4,273,377)	(224,136)	(45,293)	-	(5,706,510)
Depreciation for the year	(308,702)	(1,305,957)	(337,702)	(30,959)	-	(1,983,320)
Disposals	9	483	-	3,858	-	4,350
Balance at 31 December 2023	(1,472,397)	(5,578,851)	(561,838)	(72,394)	-	(7,685,480)
Balance at 1 January 2024	(1,472,397)	(5,578,852)	(561,838)	(72,394)	-	(7,685,481)
Depreciation for the year	(339,324)	(1,106,331)	(364,551)	(40,336)	-	(1,850,542)
Balance at 31 December 2024	(1,811,721)	(6,685,183)	(926,389)	(112,730)	-	(9,536,023)
<i>Carrying amounts</i>						
At 1 January 2023	10,026,699	17,696,653	5,547,861	266,505	144,720	33,682,438
At 31 December 2023	10,418,229	17,442,214	5,445,362	369,000	5,275,791	38,950,596
At 31 December 2024	10,510,159	18,378,655	5,490,246	427,177	7,771,744	42,577,981

Depreciation expense of AMD 1,594,567 thousand (2023: AMD 1,929,875 thousand) has been charged to cost of sales, AMD 39,753 thousand (2023: AMD 17,409 thousand) to administrative expenses and AMD 161,193 thousand (2023: nil) to other expenses. Depreciation expense of AMD 55,029 thousand was capitalized (2023: AMD 36,036 thousand).

Security

At 31 December 2024 property, plant and equipment of AMD 24,398,902 thousand (31 December 2023: AMD 24,746,080 thousand) are pledged as security to secure bank loan (see Note 19(a)).

13. Investment property

(a) Reconciliation of carrying amount

'000 AMD	2024	2023
Balance at 1 January	1,072,520	1,094,811
Depreciation for the year	(22,292)	(22,291)
Balance at 31 December	1,050,228	1,072,520

Investment properties are leased to related party for indefinite period.

The fair value of investment property approximates its carrying amount.

(b) The gross carrying amount and the accumulated depreciation

'000 AMD	2024	2023
Gross value at 1 January	1,117,043	1,117,043
Accumulated depreciation	(66,815)	(44,523)
Carrying amount at 31 December	1,050,228	1,072,520

(c) Measurement of fair value

(i) Fair value hierarchy

Management has not involved external valuator for investment property valuation as of 31 December 2024. Per management's assessment the fair value of investment property as of the reporting date approximates its carrying value.

The following valuation technique was used in measuring the fair value of investment property, as well as the significant unobservable inputs:

- The market comparable approach. Under the market comparable approach, a property's fair value is estimated based on comparable transactions. Key assumptions relate to the condition, quality and location of buildings used as comparatives. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property.

Significant unobservable inputs of the approach applied on 31 December 2021.

- Location – from -20% to +20%
- Size - from -30% to +25%
- Interior/exterior condition and renovation- AMD 70 - 100 thousand per sq.m.

14. Leases

(a) Leases as lessee

The Company leases building for solar system. The Management estimates that the lease will be effective till 31 December 2040 which approximated to useful lives of solar panels.

(i) *Right-of-use asset*

'000 AMD	2024	2023
As at the beginning of the period	-	-
Additions to right-of-use assets	194,578	-
Depreciation charge for the period	(11,468)	-
Balance at 31 December	183,110	-

(ii) *Lease liability*

Reconciliation of movements of liabilities to cash flows arising from financial activities – lease liabilities

'000 AMD	2024	2023
Balance at 1 January	-	-
Changes from financing cash flows:		
Payment of lease liabilities – principal	(3,853)	-
Total changes from financing cash flow	(3,853)	-
Additions to lease liabilities	194,578	-
Interest expense	23,747	-
Interest paid*	(23,747)	-
Balance at 31 December	190,725	-

* Lease payments during the period relate to interest accrued first. If lease payments are greater than interest accrued, the excess amount of payments relates to principal.

(iii) *Amounts recognised in profit or loss*

'000 AMD	2024	2023
Leases under IFRS 16		
Interest expense on lease liabilities	23,747	-
Depreciation of right-of-use assets	11,468	-

(iv) *Amounts recognised in statement of cash flows*

'000 AMD	2024	2023
Lease liability principal payments	3,853	-
Lease liability interest payments	23,747	-
Total cash outflow for leases	27,600	-

15. Inventories

'000 AMD	31 December 2024	31 December 2023
Raw materials	6,869,257	7,788,777
Spare parts	1,132,783	772,467
Work in progress	979,607	2,836,852
Finished goods	461,597	490,139
Fuel and consumables	82,405	95,218
Raw materials in transit	111,326	206,520
Other	85,622	89,783
	9,722,597	12,279,756

16. Trade and other receivables

'000 AMD	31 December 2024	31 December 2023
Trade receivables	6,723,710	6,851,752
Other receivables	29,110	22,321
Impairment allowance for trade receivables	(38,767)	(39,388)
Trade and other receivables included in loans and receivables category	6,714,053	6,834,685
Taxes receivable	16,923	183,407
Prepayments given	2,055,811	1,686,268
Total trade and other receivables	8,786,787	8,704,360

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 24.

17. Cash and cash equivalents

'000 AMD	31 December 2024	31 December 2023
Petty cash	23,443	14,548
Bank balances	3,864,331	2,676,108
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	3,887,774	2,690,656

For the purpose of ECL measurement cash and cash equivalents balances are included in Stage 1. The loss allowance for ECL is immaterial as at 31 December 2024 and 2023.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 24.

18. Financial assets at fair value through profit or loss

'000 AMD	31 December 2024	31 December 2023
Non-current		
Corporate bonds of Armenian bank rated Ba2	2,039,067	-
	2,039,067	-

Corporate debt securities at FVTPL have stated interest rate of 9.5% (2023: nil) and are held for trading.

The Group uses credit ratings per Moody's rating agency in disclosing credit quality of financial assets at fair value through profit or loss.

19. Capital and reserves

(a) Share capital

The authorised, issued and fully paid share capital as at 31 December 2024 comprises of 62,923,840 ordinary shares at par value of AMD 170 (31 December 2023: 62,923,840 shares at par value of AMD 155).

All ordinary shares rank equally with regard to the Group's residual assets.

At 31 December 2024 98.7% of shares are pledged to secure bank loan (31 December 2023: 98.7%). (see Note 21(a)).

Increase in share capital occurred by transfer from retained earnings. The number of shares did not change, the par value of ordinary shares increased instead.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

(b) Dividends

In accordance with Armenian legislation the Group's distributable reserves are determined based on the Group's statutory consolidated financial statements prepared in accordance with IFRS Accounting Standards. During 2024 no dividends were declared and paid (2023: nil). Dividend Per Share (DPS) for 2024 is nil (2023: nil).

(c) Earnings per share

The calculation of basic earnings per share at 31 December 2024 was based on the profit attributable to ordinary shareholders of AMD 2,168,064 thousand (2023: AMD 5,285,121 thousand), and a weighted average number of ordinary shares outstanding of 62,923,840 (2023: 62,923,840). The Group has no dilutive potential ordinary shares.

20. Capital management

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

There were no changes in the Group's approach to capital management during the years ended 31 December 2024 and 2023.

The Group is not subject to externally imposed capital requirements.

21. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, see Note 24.

'000 AMD	31 December 2024	31 December 2023
<i>Non-current liabilities</i>		
Secured bank loans	4,441,555	6,425,763
	4,441,555	6,425,763
<i>Current liabilities</i>		
Secured bank loans	4,612,295	2,151,081
	4,612,295	2,151,081
Total interest-bearing liabilities	9,053,850	8,576,844

(a) Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

'000 AMD	Currency	Nominal interest rate*	Year of maturity	31 December 2024		31 December 2023	
				Face value	Carrying amount	Face value	Carrying amount
Secured bank loan	USD	7.00%	2025	485,124	485,124	607,714	607,714
Secured bank loan	AMD	12.00%	2025	1,719,177	1,719,177	2,222,351	2,222,351
Secured bank loan	AMD	12.00%	2025	341,932	341,932	442,010	442,010
Secured bank loan	USD	7.25%	2025	474,329	474,329	625,892	625,892
Secured bank loan	USD	7.25%	2029	3,086,305	3,086,305	3,709,638	3,709,638
Secured bank loan	AMD	12.75%	2027	735,627	735,627	969,239	969,239
Secured bank loan	AMD	11.00%	2027	854,080	854,080	-	-
Secured bank loan	AMD	12.50%	2027	601,630	601,630	-	-
Secured bank loan	USD	8.00%	2027	755,646	755,646	-	-
Total interest-bearing liabilities				9,053,850	9,053,850	8,576,844	8,576,844

* Secured bank loans nominal interest rates approximate market rates.

Bank loans are secured by the following:

- At 31 December 2024 property, plant and equipment with a carrying amount of AMD 24,398,902 thousand (31 December 2023: AMD 24,746,080 thousand) are pledged as security to secure bank loan (see Note 12).
- At 31 December 2024 98.7% of shares are pledged to secure bank loan (31 December 2023: 98.7%), see (Note 19(a)).

(b) Reconciliation of movements of liabilities to cash flows arising from financing activities

'000 AMD	Liabilities	
	Loans and borrowings	
	2024	2023
Balance at 1 January	8,576,844	6,461,822
Changes from financing cash flows		
Proceeds from loans and borrowings	9,568,897	4,103,353
Repayment of loans and borrowings	(8,999,357)	(2,125,585)
Total changes from financing cash flows	569,540	1,977,768
The effect of changes in foreign exchange rates	(92,140)	132,737
Other changes		
Interest expense	887,166	698,547
Interest paid (operating cash flows)	(294,811)	(203,150)
Subsidized loan interest	(592,749)	(490,880)
Total liability-related other changes	(394)	4,517
Balance at 31 December	9,053,850	8,576,844

22. Trade and other payables

'000 AMD	31 December 2024	31 December 2023
Trade payables	800,821	969,697
Salaries and wages	183,007	182,381
Total financial payables within current trade and other payables	983,828	1,152,078
Other taxes payable	419,067	113,977
Vacation reserve	149,312	196,015
Prepayments received	84,000	-
Total trade and other payables	1,636,207	1,462,070

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 24.

23. Bonds issued

'000 AMD	Currency	Nominal interest rate	Year of maturity	31 December 2024	31 December 2023
Domestic bonds issued	AMD	12%	11.06.2031	1,562,205	15,101,678
Domestic bonds issued	USD	7%	11.06.2031	454,051	6,095,139
Domestic bonds issued	AMD	12%	16.09.2034	15,070,034	-
Domestic bonds issued	USD	8%	16.09.2034	5,966,734	-
				23,053,024	21,196,817

On 11 June 2021, the Group has issued and placed debt securities denominated in AMD and USD with nominal amount of AMD 15,000 million and USD 15 million, respectively. During 2024 bonds with nominal amount of AMD 13,448 million and USD 14.9 million were repaid early.

On 16 September 2024, the Group has issued and placed debt securities denominated in AMD and USD with nominal amount of AMD 15,000 million and USD 15 million, respectively. Around 78% (2023: 63%) of debt securities denominated in AMD and 16% (2023: 92%) of debt securities denominated in USD are held by shareholders and entities under common control and related to shareholders. During 2024 subsidiary did not sell bonds (2023: nil).

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

'000 AMD	2024	2023
Balance at 1 January	21,196,817	21,027,856
Changes from financing cash flows		
Proceeds from sale of bonds issued	20,919,600	-
Repayment of bonds issued	(18,865,362)	-
Total changes from financing cash flows	2,054,238	-
The effect of changes in foreign exchange rates	(111,180)	167,289
Other changes		
Interest expense	2,223,212	2,212,029
Interest paid	(1,913,660)	(2,210,357)
Other movement*	(396,403)	-
Balance at 31 December	23,053,024	21,196,817

* The Group had accrued and outstanding interest payable to shareholders related to previously issued bonds. During the year, the shareholders forgave the interest amounts and the Group recognized the waived amounts as a contribution to equity.

24. Fair values and risk management

(a) Accounting classifications and fair values

The estimated fair value of all the financial assets and liabilities approximates their carrying amounts.

(b) Measurement of fair values

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Loans and receivables	Discounted cash flows	Not applicable
Other financial liabilities*	Discounted cash flows	Not applicable

* Other financial liabilities include secured bank loans, bonds issued and trade and other payables.

(c) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk (see Note 24(c)(ii));
- liquidity risk (see Note 24(c)(iii));
- market risk (see Note 24(c)(iv)).

(i) Risk management framework

Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure.

'000 AMD	Note	Carrying amount	
		2024	2023
Trade and other receivables	16	6,714,053	6,834,685
Cash and cash equivalents	17	3,864,331	2,676,108
Financial assets at fair value through profit or loss	18	2,039,067	-
		12,617,451	9,510,793

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Details of concentration of revenue are included in Note 5.

The Group does not have a special credit risk policy for its customers, however approximately 99% of Group's revenue is attributable to sales transactions with three largest customers one of which is a related party (2023: three customers one of which is a related party) and historically no losses have occurred with these customers and none of these customers' balances have been written off or are credit-impaired at the reporting dates. More than 90% of the Group's customers have been transacting with the Group for over four years.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of up to two months for customers.

The Group does not require collateral in respect of trade receivables.

As at 31 December 2024, the carrying amount of the Group's most significant customer (local wholesale company which per management's estimate approximates to B3 rating under Moody's rating system based on the rating of wholesale company's country of operations) was AMD 6,437,416 thousand (31 December 2023: AMD 6,523,206 thousand).

Expected credit loss assessment for customers

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies such as Moody's Investor Services. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 December 2024.

31 December 2024 '000 AMD	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit- impaired
Trade receivables and contract assets				
Low risk	0.6%	6,723,710	(38,767)	No
		6,723,710	(38,767)	

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for customers as at 31 December 2023.

31 December 2023 '000 AMD	Weighted average loss rate	Gross carrying amount	Impairment loss allowance	Credit- impaired
Trade receivables and contract assets				
Low risk	0.6%	6,851,752	(39,388)	No
		6,851,752	(39,388)	

The Group defines low risk as follows:

Low risk – the customer has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may not likely reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Movements in the allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables during the year was as follows.

'000 AMD	2024	2023
Balance at 1 January	(39,388)	(52,571)
Net remeasurement of loss allowance	621	13,183
Balance at 31 December	(38,767)	(39,388)

Cash and cash equivalents

The Group held bank balances of AMD 3,864,331 thousand at 31 December 2024 (31 December 2023: AMD 2,676,108 thousand), which represents its maximum credit exposure on these assets.

The bank balances (current accounts) are held with largest Armenian banks rated Ba3 per Moody’s agency and the Group does not expect them to fail to meet their obligations.

Per Group’s assessment no impairment loss is recognized on current accounts with banks primarily due to their short maturities.

Financial assets measured at fair value through profit or loss

The Group held financial assets measured at fair value through profit or loss (FVTPL) issued by reputable Armenian banks rated Ba3 per Moody’s agency and the Group does not expect them to fail to meet their obligations.

The Group held financial assets at FVTPL with balances of AMD 2,039,067 thousand at 31 December 2024 (31 December 2023: nil) which represents its maximum credit exposure on these assets.

Collateral generally is not held against claims under financial assets measured at fair value through profit or loss.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at 31 December 2024 and 31 December 2023. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

31 December 2024

'000 AMD	Carrying amount	Total	On demand	Less than 2 mths	2-12 months	1-2 years	2-5 years	Over 5 years
Financial liabilities								
Secured bank loans	9,053,850	10,281,058	-	657,591	4,706,499	1,929,706	2,987,262	-
Bonds issued	23,053,024	46,543,060	-	319,130	2,076,614	2,501,532	7,511,450	34,134,334
Trade and other payables	983,828	983,828	-	983,828	-	-	-	-
Lease liability	190,725	469,200	-	4,600	20,700	27,600	82,800	333,500
	33,281,427	58,277,146	-	1,965,149	6,803,813	4,458,838	10,581,512	34,467,834

31 December 2023

'000 AMD	Carrying amount	Total	On demand	Less than 2 mths	2-12 months	1-2 years	2-5 years	Over 5 years
Financial liabilities								
Secured bank loans	8,576,844	10,139,424	-	380,021	2,443,759	3,960,775	2,882,631	472,237
Bonds issued	21,196,817	37,768,715	-	377,950	1,853,175	2,225,030	6,681,184	26,631,376
Trade and other payables	1,152,078	1,152,078	-	1,152,078	-	-	-	-
	30,925,739	49,060,217	-	1,910,049	4,296,934	6,185,805	9,563,815	27,103,613

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iv) **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the respective functional currency of the Group. The currency in which these transactions primarily are denominated is U.S. Dollar (USD).

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

'000 AMD	USD- denominated 31 December 2024	USD- denominated 31 December 2023
Cash and cash equivalents	553,693	409,276
Trade payables	289,981	(498,256)
Loans and borrowings	(4,801,404)	(4,940,615)
Bonds issued	(6,420,785)	(6,095,722)
Net exposure	(10,378,515)	(11,125,317)

The following significant exchange rates have been applied during the year:

in AMD	Average rate	Average rate	Reporting date spot rate	
	2024	2023	31 December 2024	31 December 2023
USD 1	392.66	392.54	396.56	404.79

Sensitivity analysis

A reasonably possible strengthening (weakening) of the AMD, as indicated below, against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss before taxes by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

'000 AMD	Strengthening	Weakening
	Profit or loss	Profit or (loss)
31 December 2024		
AMD 10% movement against USD	1,037,852	(1,037,852)
31 December 2023		
AMD 10% movement against USD	1,112,532	(1,112,532)

Interest rate risk

Changes in interest rates impact primarily loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (variable rate debt). Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgement to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

Exposure to interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

'000 AMD	Carrying amount	
	31 December 2024	31 December 2023
Fixed rate instruments		
Financial liabilities	32,106,874	29,773,661
	32,106,874	29,773,661

Fixed-rate financial liabilities include fixed rate issued bonds in total amount AMD 23,053,024 thousand and secured bank loans of AMD 9,053,850 thousand as at 31 December 2024 (2023: issued bonds in total amount AMD 21,196,817 thousand and secured bank loans of AMD 8,576,844 thousand).

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial instruments as fair value through profit or loss or as available-for-sale. Therefore, a change in interest rates at the reporting date would not have an effect in profit or loss or in equity.

25. Contingencies

(a) Insurance

The insurance industry in the Republic of Armenia is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Group 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 Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.

(b) Litigation

In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material effect on the results of operations or financial position of the Group.

(c) Taxation contingencies

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

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

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

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

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

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

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

26. Related parties

(a) Parent and ultimate controlling party

The Group's major shareholders are Moraco Holding Limited (49.35%), Mikhail Harutyunyan (16.53%), Tigran Harutyunyan (16.53%) and Vahan Harutyunyan (16.30%). Moraco Holding Limited does not have publicly available financial statements.

The ultimate controlling party of the Group as at 31 December 2024 is Mikhail Harutyunyan.

(b) Transactions with key management personnel

(i) Key management remuneration

Key management received the following remuneration during the year, which is included in employee benefit expenses (see Note 8):

'000 AMD	2024	2023
Salaries and bonuses	211,017	230,788

(ii) Key management personnel transactions

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

'000 AMD	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2024	2023	2024	2023
	Lease of transport vehicle	-	600	-

(c) Other related party transactions

'000 AMD	Transaction value for the year ended 31 December		Outstanding balance as at 31 December	
	2024	2023	2024	2023
Sale of goods and services:				
Entities under common control and related to shareholders	20,866,054	28,326,184	6,428,260	6,534,090
Purchase of goods and services:				
Entities under common control and related to shareholders	(1,743,371)	(2,777,570)	1,238,185	1,259,426
Bonds issued:				
Shareholders	(8,813,376)	-	(3,016,644)	(15,123,070)
Entities under common control and related to shareholders	1,172,699	-	(856,810)	(292,180)

All outstanding balances with related parties and shareholders (except bonds issued) are to be settled in cash within six months of the reporting date. None of the balances are secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

The interest expense in respect of outstanding bonds issued is of AMD 1,621,041 thousand for the year ended 31 December 2024 (2023: AMD 1,543,263 thousand).

27. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

28. Material accounting policies

A number of amendments to the existing standards are effective from 1 January 2024 but they do not have a material effect on the Group's consolidated financial statements. The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

(a) Revenue

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

(b) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income and expense are recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(c) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

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

Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising in translation are recognized in profit or loss.

(d) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current tax

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

(ii) Deferred tax

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

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of raw materials and spare parts is based on the first-in first-out principle and the cost of finished goods and work in progress is based on weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve as revaluation surplus is transferred to retained earnings.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value.

Since 2022 depreciation of major equipment used in melting process and steel casting process is depreciated using unit of production method. Depreciation on other items is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of significant items of property, plant and equipment for the current and comparative periods are as follows:

- Buildings and structures	50-70 years;
- Flow lines	20-25 years;
- Machinery and equipment	15-25 years;
- Vehicles	3-5 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Investment property

Investment property is initially measured at cost, including transaction costs. Subsequently, investment property is measured at cost less accumulated depreciation and less accumulated impairment losses.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of investment property. The estimated useful live of investment property is 35 years.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(h) Government grants

Grants in the form of Government subsidy of interest expenses on loans from banks are recognised in profit or loss on a systematic basis as the entity recognises as expenses the costs that the grants are intended to compensate.

(i) Financial instruments

(i) *Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised 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.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities

The Group derecognises a financial liability when its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If a modification (or exchange) does not result in the derecognition of the financial liability the Group applies accounting policy consistent with the requirements for adjusting the gross carrying amount of a financial asset when a modification does not result in the derecognition of the financial asset, i.e. the Group recognises any adjustment to the amortised cost of the financial liability arising from such a modification (or exchange) in profit or loss at the date of the modification (or exchange). Changes in cash flows on existing financial liabilities are not considered as modification, if they result from existing contractual terms.

Group performs a quantitative and qualitative evaluation of whether the modification is substantial considering qualitative factors, quantitative factors and combined effect of qualitative and quantitative factors. The Group concludes that the modification is substantial as a result of the following qualitative factors:

- change the currency of the financial liability;
- change in collateral or other credit enhancement;
- inclusion of conversion option;
- change in the subordination of the financial liability.

For the quantitative assessment the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(iii) Derecognition

Financial assets

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

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(j) Share capital

Ordinary shares

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

(k) Segment reporting

An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same Group); whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Management considers that the Group comprises of one operating segment as the Board of the Group monitors the operating results of the Group as a single business unit. The General director is considered to be the Group's Chief Operating Decision Maker for the purpose of making decisions about resource allocation and performance assessment.

29. New standards and interpretations not yet adopted

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

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

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

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

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

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

(b) Other accounting standards

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

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