“AYB” EDUCATIONAL FOUNDATION

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2025

YEREVAN 2026

CONTENTS

INDEPENDENT AUDITOR'S REPORT	3
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
STATEMENT OF CASH FLOWS	7
NOTES TO THE FINANCIAL STATEMENTS	9

bakertilly

Baker Tilly Armenia CJSC
22 Hanrapetutian Street
0010 Yerevan, Republic of Armenia
Tel: +374(10) 544-301/307/309
Email: info@bakertillyarmenia.com
www.bakertilly.am

N 022611
CONFIRMED BY:
V. GEVORGYAN
General Director
"Baker Tilly Armenia" CJSC

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of "AYB" Educational Foundation

Opinion

We have audited the financial statements of "AYB" Educational Foundation (the "Foundation"), which comprise the statement of financial position as of 31 December 2025, and the statement of profit or loss and other comprehensive income 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 Foundation 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 Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation 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.

Luiza Hovhannisyan, CA

Auditor

19 June 2026

STATEMENT OF FINANCIAL POSITION

in thousand drams

	Notes	As of 31 December 2025	As of 31 December 2024
Assets			
Non-current assets			
Property and equipment	4	48,617	49,568
Intangible assets		313	614
Deferred tax asset		3,425	1,987
		52,355	52,169
Current assets			
Inventories		438	724
Trade and other receivables	5	39,788	9,460
Bank deposits	6	101,610	96,711
Bank balances	7	126,739	35,726
		268,575	142,621
Total assets		320,930	194,790
Net assets and			
Net assets			
Accumulated loss		(267,755)	(139,130)
		(267,755)	(139,130)
Non-current liabilities			
Grants related to assets	8	334,862	138,885
Borrowings	9	36,722	107,446
		371,584	246,331
Current liabilities			
Borrowings	9	57,321	1,574
Grants related to assets	10	15,708	-
Trade and other payables	11	144,072	86,015
Total liabilities and reserves		217,101	87,589
		320,930	194,790

The financial statements were approved on 19 June 2026:

Vahe Gabrielyan

Executive Director

Armine Hovhannisyan

Chief Accountant

THE ACCOMPANYING NOTES 1-20 ARE THE INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

in thousand drams	Notes	Year ended 31 December 2025	Year ended 31 December 2024
Contribution income	8,10	374,801	377,385
Revenue	12	49,387	64,835
Other income		10,443	4,438
		434,631	446,658
Program expenses	13	(411,794)	(392,676)
Service expenses	14	(151,169)	(55,064)
Profit from operating activities		(128,332)	(1,082)
Finance income / (costs), net		1,243	2,947
Foreign exchange loss		(2,974)	(4,257)
Profit / (loss) before tax		(130,063)	(2,392)
Income tax expense		1,438	(453)
Loss for the year		(128,625)	(2,845)
Other comprehensive income		-	-
Total comprehensive income for the year		(128,625)	(2,845)
Net assets at the beginning of the year		(139,130)	(136,285)
Net assets at the end of the year		(267,755)	(139,130)

THE ACCOMPANYING NOTES 1-20 ARE THE 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		
Cash receipts from customers	57,351	86,274
Grants and donations received	585,731	390,479
Other cash receipts	838	90
Net cash from operating activities	643,920	476,843
Cash flows used in operating activities		
Grants and donations provided	(60,791)	(115,015)
Cash paid to suppliers	(107,293)	(140,990)
Cash paid to employees	(265,783)	(217,684)
Other cash outflows	(1,255)	(1,714)
Cash used in operating activities	(435,122)	(475,403)
Net cash from (used in) operating activities	208,798	1,440
Cash flows from investing activities		
Proceeds from bank deposits	96,053	8,741
Interest income received	1,262	4,521
Cash flows from investing activities	97,315	13,262
Cash flows used in investing activities		
Placement of bank deposits	(104,096)	(4,998)
Cash flows used in investing activities	(104,096)	(4,998)
Net cash flows from investing activities	(6,781)	8,264
Cash flows from financing activities		
Proceeds from borrowings	7,018	47,705
Net cash flows from financing activities	7,018	47,705
Cash flows used in financing activities		
Lease payments	(91,199)	(11,010)
Repayment of borrowings	(26,147)	(27,000)
Net cash flows used in financing activities	(117,346)	(38,010)
Net cash flows from financing activities	(110,328)	9,695

STATEMENT OF CASH FLOWS (CONTINUATION)

Total net cash flows	91,689	19,399
Foreign exchange effect on bank balances	(676)	(1,602)
Bank balances at the beginning of the year (see Note 7)	35,726	17,929
Bank balances at the end of the year (see Note 7)	126,739	35,726

THE ACCOMPANYING NOTES 1-20 ARE THE INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

NOTES TO THE FINANCIAL STATEMENTS

1 NOTES TO THE FINANCIAL STATEMENTS

Ayb Educational Foundation (the "Foundation") was established on 4 December 2006, in accordance with the laws of the Republic of Armenia. The main purpose of the Foundation is to establish a high quality, universal, exemplary system of education in Armenia, promote the development and improvement of the learning environment in Armenia, support students and youth in education-related issues and their career development, assist employees of education-related organizations and protect their interests.

The Foundation is a non-membership, non-profit organization, which is established based on voluntary contributions of property on behalf of citizens and legal persons, which unites abilities of people, who realize the importance of education in lives of each individual and have the will to create a qualified and a comprehensive education environment.

The founders of the Foundation are:

- Ashot Aslanyan,
- Davit Pakhchanyan,
- Aram Pakhchanyan,
- Karo Sargsyan,
- Karen Musaelyan,
- Davit Yan,
- Matevos Aramyan,
- Oktagon LLC.

The Board of Trustees of the Foundation consists of five members:

- Aram Pakhchanyan,
- Davit Pakhchanyan,
- Karo Sargsyan,
- Tigran Harutyunyan
- Hakob Momjyan

The average number of the Foundation's employees in 2025 was 43 (2024: 33).

The legal address of the Foundation is 11/11 Tbilisyan Highway, Yerevan 0052, Republic of Armenia.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

The national currency of Armenia is the Armenian dram ("dram"), which is the Foundation's functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Foundation.

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 the Foundation's 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 22 to the financial statements.

2.5 Adoption of new and revised standards

In the current year the Foundation 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 2025:

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 Foundation:

- *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 IFRS 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 Foundation's financial statements.

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

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: Nature-Dependent Electricity Contracts
According to the revised edition IAS 9 may include derivative contracts for the purchase or sale of electricity generated by and dependent on natural phenomena (for example, by wind farms if the purchaser is obliged to sell back the volume of electricity that it cannot use.

It is also permitted to classify contracts similar to power plant as a hedging instrument if the hedged item is an expected sale under terms consistent with the derivative contract.
This amendment to IFRS 9 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 ACCOUNTING POLICIES

3.1 Foreign currency

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 (31 December 2024: 396.56 drams for 1 US dollar, 413.89 drams for 1 euro). Non-monetary items are not retranslated and are measured at historic cost:

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognized in profit or loss in the period in which they arise

3.2 Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Foundation 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

The classification is determined by both:

- the Foundation'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. A summary of the Foundation's financial assets by category is given in note 19:

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

Cash and Cash Equivalents

Cash and balances held in banks include cash on hand and current account balances with banks.

For the purposes of the statement of cash flows, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents are held to meet short-term cash commitments rather than for investment or other purposes. The Foundation classifies investments as cash equivalents only when they are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Classification and measurement of financial liabilities

The Foundation's financial liabilities include trade and other payables and lease liabilities. A summary of the Foundation's financial liabilities by category is given in note 19.

Trade and other payables

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

3.3 Grants

Grants are not recognized until there is a reasonable assurance that the Foundation will comply with all the conditions attached to them and that the grants will be received.

Grants with a primary condition to purchase, construct or otherwise acquire non-current assets are recognized as grants related to assets in the statement of financial position and transferred to statement of comprehensive income on a systematic and rational basis over the useful lives of the related assets.

Other state grants are recognized as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis. State grants that are receivable as a compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Foundation with no future related costs are recognized as income in the reporting period in which they become receivable.

3.4 Income Tax

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable result. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable results will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable result nor the accounting result.

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

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

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.

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 Foundation 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 Foundation has no realistic alternative but to make the payments.

3.5 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. ltems 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 setting price in the ordinary course of business, less the estimated costs of completion and setting expenses.

The cost of inventories is based on the First-In, First-Out (FIFO) principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.6 Leased assets

The Foundation as a lessee

The Foundation 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 Foundation 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 Foundation, 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 Foundation 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 Foundation also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Foundation 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 reality available or the Foundation's incremental borrowing rate.

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 tease 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 Foundation 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.

3.7 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 Foundation’s accounting policy.

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. The estimated useful lives are as follows:

Fixture, fittings and literature	-	3-5 years
Vehicles and equipment	-	5-10 years
Computer equipment	-	3-10 years

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

3.8 Intangible assets

Intangible assets, which are acquired by the Foundation 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.

3.9 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

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.

3.10 Revenue

Revenue arises mainly from the organizing of trainings.

To determine whether to recognize revenue, the Foundation 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 obligations are satisfied.

Revenue is recognized either at a point in time or over time, when (or as) the Foundation satisfies performance obligation by transferring the promised goods or services to its customers. The Foundation recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers in the statement of financial position. Similarly, if the Foundation satisfies a performance obligation before it receives the consideration, the Foundation recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue from services provided

As soon as the outcome of a contract can be estimated reliably, revenue from services is recognized in the statement of income and expenses in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity. When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected toss on a contract is recognized immediately in the statement of income and expenses.

Income from grants, donations and contributions

Income from grants, donations and contributions is recognized when it is probable that those will be received and the income amount can be measured reliably.

Funds provided by the founder or other entities are recognized as income when they become receivable, except when they are provided with certain conditions, in which case the amounts received are recognized as deferred income in the statement of financial position. Deferred income is released to profit or loss in the period in which it compensates corresponding expenses for which it was received.

Grants are recognized as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Foundation with no future related costs are recognized in profit or toss in the period in which they become receivable.

Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

4 PROPERTY AND EQUIPMENT

in thousand drams	Computer equipment	Vehicles and equipment	Fixture, fittings and literature	Total
Cost				
as of 1 January 2024	23,638	4,091	3,053	30,782
Disposals	(6,806)	(208)	474	(6,540)
Internal movement	60	69	48,167	48,296
as of 31 December 2024	16,892	3,952	51,694	72,538
Additions	417	-	6,367	6,784
Disposals	(4,270)	(1,606)	(7,346)	(13,222)
as of 31 December 2025	13,039	2,346	50,715	66,100
Accumulated depreciation				
as of 1 January 2024	19,977	4,070	2,315	26,362
Charge for the year	2,629	90	426	3,145
Eliminated on disposal	(6,806)	(208)	477	(6,537)
as of 31 December 2024	15,800	3,952	3,218	22,970
Charge for the year	441	-	6,933	7,374
Eliminated on disposal	(4,232)	(1,606)	(7,023)	(12,861)
as of 31 December 2025	12,009	2,346	3,128	17,483
Carrying amount				
As of 31 December 2024	1,092	-	48,476	49,568
As of 31 December 2025	1,030	-	47,587	48,617

As of 31 December 2025, the cost of fully depreciated property and equipment amounts to 36,213 thousand drams (as of 31 December 2024: 43,340 thousand drams). As of the reporting date, the Foundation's property and equipment are not pledged.

5 TRADE AND OTHER RECEIVABLES

in thousand drams

	As of 31 December 2025	As of 31 December 2024
Financial assets		
Trade receivables	170	1,347
Interest receivable	4,982	-
	5,152	1,347
Non-financial assets		
Advances provided	24,922	1,767
Accounts receivable from the state budget	9,596	5,895
Other receivables	118	451
	34,636	8,113
	39,788	9,460

6 BANK DEPOSITS

in thousand drams

Bank	Currency	Interest Rate	Start Date	Maturity Date	Principal balance as of 31 December 2025
Fast Bank CJSC	AMD	10.50%	10/3/2025	12/3/2026	8,000
Fast Bank CJSC	USD	6.00%	24/03/2025	26/03/2026	9,534
Fast Bank CJSC	USD	6.00%	26/03/2025	28/03/2026	76,272
Fast Bank CJSC	AMD	10.50%	17/04/2025	19/04/2026	886
Fast Bank CJSC	USD	6.00%	12/5/2025	14/05/2026	6,918
					110,610

7 BANK BALANCES

in thousand drams	As of 31 December 2025	As of 31 December 2024
Bank accounts Armenian drams	24,908	28,546
Bank accounts other currencies	101,831	7,180
	126,739	35,726

See Note 16 for the currency breakdown of bank balances.

8 GRANTS RELATED TO ASSETS

in thousand drams	As of 31 December 2025	As of 31 December 2024
Balance at the beginning of the year	138,885	138,885
Grant received	188,281	-
Recognition (derecognition) of grant income	7,696	-
Balance at the end of the year	334,862	138,885

9 BORROWINGS

Lender	Curency	Interest rate	Start date	Maturity	Principal balance	Accrued interest
"Ayb Learning Hub" Foundation	AMD	10.25%	8/8/2024	30/09/2029	36,722	6,577
"Ayb Learning Hub" Foundation	AMD	-	2/10/2017	2/10/2026	50,744	-
					87,466	6,577

10 GRANTS RELATED TO INCOME

in thousand drams	As of 31 December 2025	As of 31 December 2024
Balance at the beginning of the year	-	-
Grant received	288,066	224,325
Recognition of grant income	(382,498)	(377,385)
Current grants receivable	110,139	153,060
Reclassification to grants related to assets	5,693	-
Other	(5,692)	-
	15,708	-

11 TRADE AND OTHER PAYABLES

in thousand drams	As of 31 December 2025	As of 31 December 2024
Trade payables	5,353	9,157
Liabilities to employees	19,027	11,037
Advances received	16,853	19,747
Taxes and duties payable	10,072	7,318
Payables related to grants	92,767	19,968
Other payables	-	18,788
	144,072	86,015

No interest is charged on trade payables. The Foundation has financial risk management policies in place to ensure the timely settlement of all obligations.

Further details on the Foundation's exposure to foreign currency risk are disclosed in Note 16.

12 REVENUE

in thousand drams	Year ended 31 December 2025	Year ended 31 December 2024
Revenue recognized over time		
Revenue from trainings	26,843	44,088
Other	22,544	20,747
	49,387	64,835

13 PROGRAM EXPENSES

in thousand drams

	Year ended 31 December 2025	Year ended 31 December 2024
Employee compensation expenses	209,246	173,333
Donations	118,701	148,924
Educational process development costs	60,497	46,832
Depreciation and amortization expense	15,988	10,338
Lease expenses	-	7,866
Other	7,362	5,383
	411,794	392,676

14 SERVICE EXPENSES

in thousand drams	Year ended 31 December 2025	Year ended 31 December 2024
Employee compensation expenses	68,551	42,512
Educational and other materials	3,054	792
Direct material costs	45,780	-
Entertainment expenses	21,099	4,783
Other	12,685	6,977
	151,169	55,064

15 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.

15.1 Critical accounting estimates

The Foundation 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 and intangible assets

Management has assessed the useful lives of property and equipment and intangible assets. Management believes, the estimated useful lives of property and equipment and intangible assets do not differ significantly from the economic life of these assets. If the actual useful lives of property and equipment and intangible assets differ from the estimates, the financial statements could be materially different.

Inventories

Management estimates the net realizable value of inventories based on the most reliable evidence available at each reporting date. Future realizations of these inventories may be affected by technological advances or other market-driven changes, which could reduce future selling prices.

Allowance for expected credit losses on trade receivables

To calculate the allowance for expected credit losses on trade receivables, the Foundation uses an allowance matrix. The loss rates are determined based on the grouping of customers into different segments that exhibit similar loss patterns based on overdue days (for example, by geographical location, product type, customer type and rating, letters of credit, and other types of credit insurance).

The allowance matrix is initially based on the Foundation's observed historical default rates. The Foundation reviews the allowance matrix by adjusting historical loss experience with forward-looking information to ensure it appropriately reflects expected credit losses. The impact of economic forecasts on the expected credit losses has been assessed as insignificant. At each reporting period, the observed historical default rates are updated and any changes are analyzed in light of forward-looking estimates.

Assessing the relationship between historical default rates, economic forecasts, and expected credit losses is critical. The estimated amount of expected credit losses is sensitive to changes in circumstances and forecasted economic conditions. The Foundation's historical loss experience and economic forecasts may not fully reflect the probability of default by customers in the future.

Significant judgements

The following are the significant judgements made by management in the process of applying the accounting policies that have the most material impact on the financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in tax environment.

16 FINANCIAL INSTRUMENTS

16.1 Significant accounting policies

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

16.2 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	170	1,347
Interest receivable	4,982	-
Bank deposits	101,610	96,711
Bank balances	126,739	35,726
	233,501	133,784

Financial liabilities

in thousand drams	As of 31 December 2025	As of 31 December 2024
Amortized cost		
Trade and other payables	5,353	9,157
	5,353	9,157

17 FINANCIAL RISK MANAGEMENT

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

The Foundation 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 Foundation is exposed are described below.

Financial risk factors

a) Marker risk

In the course of using financial instruments, the Foundation is exposed to market risk, particularly currency risk, interest rate risk and certain other price risks arising from both its operating and investing activities.

b) Foreign currency risk

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

Most of the Foundation's transactions are carried out in Armenian drams. Exposures to currency exchange rates arise from the Foundation's bank accounts and term deposits denominated in foreign currency.

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

As of 31 December 2025
in thousand drams

	US dollar
Financial assets	
Bank balances	101,831
Term deposits	92,724
Net exposure	194,555

As of 31 December 2024
in thousand drams

	US dollar
Financial assets	
Bank balances	7,180
Term deposits	96,711
Net exposure	103,891

The table below presents the Foundation’s sensitivity to a 10% (2024: 10%) increase/decrease in the Dram against the US Dollar. The 10% (2024: 10%) rate represents management’s assessment of the reasonably 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.

A 10% (2024: 10%) appreciation of the Dram against the US Dollar would have the following impact:

in thousand drams	US Dollar impact	
	2025	2024
Profit or loss	19,455	10,389

The impact of foreign currency exchange rate fluctuations varies during the year depending on the volume of overseas transactions. Nonetheless, the analysis presented above can be considered reflective of the Foundation’s exposure to foreign currency risk.

c) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations.

The Foundation maintains a liquidity management policy by holding sufficient funds in cash and bank accounts, as well as maintaining highly liquid assets to settle its operational liabilities in a timely manner.

2025

in thousand drams	Interest free	Fixed interest rate liabilities	Total
Weighted average effective interest rate (%)		10.25%	
Less than 6 months		28,660	28,660
6 months to 1 year	5,353	28,660	34,013
1-5 years		36,723	36,723
	5,353	94,043	99,396

in thousand drams	Interest free	Fixed interest rate liabilities	Total
Weighted average effective interest rate (%)		10.25%	
Less than 6 months		787	787
6 months to 1 year	9,157	787	9,944
1-5 years		107,446	107,446
	9,157	109,020	118,177

The Foundation considers expected cash inflows from financial assets, particularly cash and trade receivables, when assessing and managing liquidity risk. The Foundation's cash balances, trade receivables, and loans granted exceed the required cash outflow.

18 CONTINGENCIES

18.1 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 Foundation does not have full coverage for its plant facilities, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on the Foundation property or relating to the Foundation operations. Until the Foundation 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 Foundation's operations and financial position.

18.2 Taxation

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.

19 RELATED PARTIES

The related parties of the Foundation include the members of the Board of Trustees, the founders, key management personnel, and entities under common control, as described below.

19.1 Control

The Foundation is governed by the members of the Board of Trustees, as described in Note 1.

19.2 Transactions with related parties

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

in thousand drams	Year ended 31 December 2025	Year ended 31 December 2024
Transactions		
Board of Trustees and Founders		
Proceeds from grants related to assets	-	24,444
Companies under common control		
Provision of services	8,811	5,048
Grants provided	49,556	113,992
Borrowings received	7,018	47,705
Repayment of borrowings	26,147	25,800
Use of premises	373	660
Advances received	8,581	5,706
Interest expense	5,002	1,574
Grants receivable	105,162	146,693

in thousand drams	As of 31 December 2025	As of 31 December 2024
Balances		
Companies under common control		
Grants related to assets	81,711	81,711
Borrowings	94,043	106,596
Trade and other payables	92,767	38,756
Prepayment received	8,581	5,706

19.3 Transactions with management

Key management personnel received the following remuneration during the period, which is included in the "Employee benefits" line item:

in thousand drams

	Year ended 31 December 2025	Year ended 31 December 2024
Salaries and bonuses	24,262	23,186

20 SUBSEQUENT EVENTS

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

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