Audit ARMENIA

««VAN» FC»
NON-GOVERNMENTAL ORGANIZATION
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2024

Registration Number:	211.171.1076339
Registered in the State Register of RA:	30.05.2019
Address:	Azatutyan St. 11, apt. 52 Kanaker Zeytun., Yerevan, RA.

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Audit ARMENIA

Independent Auditor's Report

To the Management of "Van" FC NGO

Opinion

We have audited the financial statements of "Van" FC NGO (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the statement of profit or loss and other comprehensive income, and statement of changes in net assets 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 Organization as of December 31, 2024, and of its financial performance, changes in net assets and its cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report*. We are independent of the Organization 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 IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Organizations 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 Organization'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 Organization'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 Organization 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.

"AUDIT ARMENIA" CJSC

Anna Avetisyan

Director, Audit manager

April 29, 2025

Yerevan

In KAMD	Notes	As of December 31, 2024	As of December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	4	7,331	6,861
Receivables from UEFA solidarity payments		-	-
Receivables from related parties		-	-
Other receivables		1,100	-
Given prepayments		-	-
Current tax assets		-	-
Given borrowings to related parties	5	130,000	70,000
Receivables for the budget	6		6
Inventories		-	-
Other current assets		2,866	-
		141,297	76,867
Non-current assets			
Property and equipment		-	-
Intangible assets - players		-	-
Intangible assets - other		-	-
Receivables from players transfers		-	-
Receivables from group/related parties		-	-
Other receivables		-	-
Deferred tax assets		-	-
Investments		-	-
		-	-
Total assets		141,297	76,867
Liabilities			
Current liabilities		-	-
Bank and other loans		-	-
Borrowings from related parties		-	-
Payables from player transfers		-	-
Accounts payable on image rights of players		-	-
Payables for employees	7	2,057	1,201
Payables to social/tax authorities	6	622	473
Income tax payable			
Other payable Taxes		65	54
Prepayments and deferred income			4,903
Grants related to income	8	-	
Other payables	7	515	40
Current reserves		-	-

««VAN» FC » NGO
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(continued part 2)

Other short-term liabilities		
	3,259	6,671
Non-current liabilities		
Bank and other loans	-	-
Borrowings received from related parties	4,783	1,098
Payables to the group/related parties	-	-
Payables from lease to the related parties	-	-
Payables from player transfers	-	-
Payables from employees	-	-
Payables on taxes and other	-	-
mandatory payments	-	-
Other tax liabilities	-	-
Other payables	-	-
Prepayments and deferred income	-	-
Deferred tax liabilities	-	-
Grants related to assets	-	-
Long-term reserves	-	-
Other non-current liabilities	-	-
	4,783	1,098
Total liabilities	8,042	7,769
Net assets		
Accumulated result	133,255	69,098
Total net assets and liabilities	141,297	76,867

The financial statements were approved on April 29, 2025 by:

Sevada Arzumanyan

Director

Arman Iskandaryan

Chief accountant

«ՎԱՆ» «ВАН» «VAN» 00203815

The notes to the financial statements form an integral part of the financial statements.

««VAN» FC» NGO
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

In KAMD	Notes	Year ended December 31, 2024	Year ended December 31, 2023
Income			
Ticket sales		-	-
Sponsorship and advertising		21,142	15,052
Broadcasting rights			-
Commercial		6,913	8,288
Income from UEFA solidarity payments		59,130	64,050
Prize money, support from FFA		6,000	8,952
Other operating income	9	6,884	305
Total income		**100,069**	**96,647**
Expenses			
Players benefits and other incomes		(3,352)	-
Employees benefits		(21,705)	(18,242)
Depreciation			-
Impairment of property and equipment and intangible assets (excluding player registrations)			-
Other operation expenses	10	(14,967)	(10,774)
Total operational expenses (excluding player registration)		**(40,024)**	**(29,016)**
Operating income/loss		**60,045**	**67,631**
Income from transfer to player's registrations			
Amortization of intangible assets (player registrations)		-	-
Impairment of intangible assets (player registrations)		-	-
Cost of acquiring player registrations (including non-capitalized agent fees and player lease fees)		(1,320)	(310)
Income from disposal of player registrations (including lease income)		5,080	*800*
Total income from transfer to player's registrations		**3,760**	***490***
Profit/loss on disposal of property and equipment		-	-
Profit/loss on disposal of intangible assets		-	-
Total profit/loss on disposal of non-current assets		-	-

«VAN» FC» NGO
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(continued part 2)

Financial income		83	105
Financial expense		-	-
Foreign currency exchange gain, net / (loss)	12	442	(925)
Net financial income/expense		**525**	**(820)**
Other non-operating incomes		-	-
Other non-operating expenses	11	(173)	(178)
Other non-operating expenses		(173)	(178)
Profit/loss before taxes		**64,157**	**67,123**
Income tax expense		-	-
Profit/loss for the year		**64,157**	**67,123**
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**64,157**	**67,123**

The notes to the financial statements form an integral part of the financial statements.

««VAN» FC» NGO
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

In KAMD	Accumulated result	Total
As of January 01, 2023	**1,975**	**1,975**
Profit for the year	67,123	67,123
Other comprehensive income	67,123	67,123
As of December 31, 2023	**69,098**	**69,098**
Profit for the year	64,157	64,157
Loss comprehensive income	64,157	64,157
As of December 31, 2024	**133,255**	**133,255**

The notes to the financial statements form an integral part of the financial statements

««VAN» FC» NGO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

In KAMD	Year ended December 31, 2024	Year ended December 31, 2023
Cash flows from operating activities		
Result for the year	64,157	67,123
Adjustments for:		
Profit tax		-
Depreciation		-
Reserve for receivables		-
Income from grace	(6,884)	
Finance income	(83)	(105)
Finance cost		
Foreign exchange (gain)/loss	(442)	925
Operating profit/(loss) before working capital changes	56,748	67,943
Change in inventories		-
Change in other receivables	(8,422)	(806)
Change in trade and other payables	(2,092)	4,361
Cash generated from/(used in) operating operations	46,234	71,498
Income tax paid	-	-
Interest paid	-	-
Net cash from/(used in) operating activities	46,234	71,498
Cash flows from investing activities		
Cash from the retirement of player registration	5,080	800
Payment for player registration	(1,320)	(310)
Borrowings provided to related parties	(60,000)	(70,000)
Acquisition of property and equipment, intangible assets		-
Interest received	83	105
Net cash used in investing activities	**(56,157)**	**(69,405)**
Cash flows from financing activities		
Receipt of a grant	6,884	-
Loans received, net		-
Borrowings from related parties, net	3,685	1,098
Net cash generated from financing activities	**10,569**	**1,098**
Net increase in cash and cash equivalents	646	3,191
Foreign exchange effect on cash	(176)	(108)
Cash and cash equivalents at the beginning of the year	6,861	3,778
Cash and cash equivalents at the end of the year	7,331	6,861

The notes to the financial statements form an integral part of the financial statements

Notes to the financial statements

1 Nature of operations and general information

"VAN" FC NGO (the "Organization") is a type of public association of RA citizens, citizens of foreign countries, stateless persons, legal entities, which has the status of a non-profit organization. The Organization was registered in the state register on May 30, 2019. The registration number of the Organization is: 211.171.05487.

The main aims of the Organization is:

- to promote the development and popularization of football in the Republic of Armenia,
- To develop and promote various sports in Armenia,
- conduct training sessions, trainings for coaches, players, as well as for people interested in football.
- Organize incoming and outgoing football and other sports competitions, as well as various sporting events.
- Implement an effective sports education system for professional coaches and/or players.,
- Implement reforms in the sports education system, organize sports and cultural education for children and youth, establish and manage sports clubs, especially football clubs, etc.

The right to make a final decision on any issue of the organization's activities and management belongs to the highest body of the organization-the Assembly.

The Assembly shall be convened every five years.

The average number of employees of the Organization as of 31 December, 2024 is 21.

The location of the Organization is Azatutyan St. 11, apt. 52 Kanaker Zeytun., Yerevan, RA.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

IFRSs do not currently contain specific guidelines for accounting and financial reporting for non-profit and non-governmental organizations. If IFRS does not provide guidance to nonprofits on accounting for specific transactions, the accounting policy should be based on the general principles of IFRS, in accordance with the International Accounting Standards Board (IASC) *"Fundamentals of Preparation and Presentation of Financial Statements."*

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

These financial statements are presented in Armenian drams, 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 IFRS requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the note s to the financial statements.

2.5 Composition of Financial Statements

Financial statements include`

a) statement of financial position at the end of the period. Current and non-current assets and liabilities are presented in a separate classification:
b) one comprehensive income statement for the period. The Organization presents the breakdown (analysis) of costs recognized in profit or loss using a classification based on their nature.
c) c) statement of changes in equity for the period.
d) statement of cash flows for the period. Information on cash flows from operating activities is presented using the indirect method. Interest paid is classified as operating, interest and dividends received as cash flows from investing activities. Taxes paid are classified as cash flows from operating activities.
e) Notes, which consist of a brief description of the significant parts of accounting policies and other explanatory information; The financial statements disclose comparable information about all amounts presented in the financial statements of the current period for the previous period (previous year: When an Organization changes the presentation or classification of items in its financial statements, it reclassifies comparable amounts, except in cases where reclassification is impractical:

2.6 New and revised IFRS standards

New and revised standards and interpretations that are effective for annual periods beginning on or after January 2020.

Amendments to IFRS 3. Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Organization will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8 Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition, The new definition states that, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments to the definition of material is not expected to have a significant impact on the Organization financial statements.

Revised Conceptual Framework for Financial Reporting
The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include.

- the objective of financial reporting
- the qualitative characteristics of useful financial information
- a description of the reporting entity
- definitions of an asset, a liability, equity, income and expenses
- criteria for recognition assets and liabilities in financial statements and guidance on when to derecognize them
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representaEion of the financial statements.

3 Significant accounting policies

The significant accounting policy approaches used in prepared financial statements are set out below.

3.1 Foreign currencies

Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the Central Bank of Armenia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Armenia prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historic cost in a foreign currency are not retranslated. The exchange rates published by the Central Bank of Armenia are presented below:

	As of 31 December, 2024	As of 31 December, 2023
RUB	3.71	4.50
US dollar	396.56	404.79
EUR	413.89	447.90

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period.

3.2 Property and Equipment

Equipment stated at cost

Property and Equipment (The PE) 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, plant and equipment.

The gain or loss arising on the disposal or retirement of an item of property, plant 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.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use.

3.3 Impairment of property and equipment

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

Recoverable amount is the higher of net selling price and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

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

3.4 Intangible assets

Intangible assets are recognized with acquisition cost, accumulated depreciation and losses on impairment reduced, They are being depreciated during their useful life applying straight-line method, If there are such indicators that there has been significant change of asset's depreciation rates, useful life or residual value, the depreciation of the asset is revised so that it reflects correctly the new future expectations.

The Organization recognizes the costs of registering football players in the statement of comprehensive income for the current year:

3.5 Leases

Organization, as a lessee, at the commencement date, recognises a right-of-use asset and a lease liability except for low-value and short-term leases, with the exceptions provided for in IFRS 16.

Initial recognition

At the commencement date, the Organization measures the right-of-use asset at cost which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any leae incentives received:
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

At the commencement date, an Organization measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Organization uses its incremental borrowing rate.

Subsequent measurement

After the commencement date, an Organization measures the right-of-use asset at cost:

- Less any accumulated depreciation and any accumulated impairment losses: and
- adjusted for any remeasurement of the lease liability

The basis for the depreciation of the right of use assets is the Organization's depreciation policy. After the commencement date, an Organization measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability:
- reducing the carrying amount to reflect the lease payments made, and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

Income from operating leases is recognized on a straight-line basis over the relevant lease term.

Operating lease payments are recognized as an expense over the lease term on a staright-line basis.

3.6 Inventories

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

The net selling price is the presumed price for sale, the expenditure of replenishment (reconstruction) and the expenditure necessary for organization of sales reduced.

The evaluations of the net selling price are based on the credible evidence (due at the moment of evaluation) of the expected amount from inventories sales. While performing these evaluations the liability of prices and costs directly connected to the occured cases after the reporting period are being taken into consideration insafar as much cases affirm available conditions as at the end of the period.

3.7 Recieved grants

Received grants are not recognized until there is reasonable assurance that the Organization will comply with the conditions attaching to them and the grants will be received.

Received grants whose primary condition is that the Organization should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other 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. Received grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Organization with no future related costs are recognized in profit or loss in the period in which they become receivable.

3.8 Reserves

An organization should recognize a reserve only if

a) the Organization has an obligation at the reporting date as a result of past events;

b) it is probable (that is, more likely than not) that the entity will be required to transfer economic benefits to settle;

c) the amount of the obligation can be reliably estimated.

An entity must recognize a provision in the statement of financial position as a liability and recognize the amount of the provision as an expense:

The organization should measure the reserve by the best estimate of the amount required to repay the obligation at the reporting date: The best estimate is the amount that the organization will reasonably pay to repay the obligation at the end of the reporting period or transfer it to a third party at that time:

The Organization must pay from the reserve only those expenses for which the reserve was initially recognized:

3.9 Income tax

Current income 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.
Current and deferred taxes are recognized in profit or loss, except when the tax relates to a business combination or to an item that is recognized directly in equity.

3.10 Revenue

Gaming day revenue is recognized during the reporting year. Proceeds from each game day must be recognized only when the game match has already taken place. Gaming day revenue received in advance until the end of the reporting year but refers to the next season (for example, season ticket sales), should be recorded as deferred income (income) and be recognized along with the holding of game matches.

Sponsorship and advertising

Sponsorship and advertising include the general sponsor of the club, other sponsors, stadium outline and display advertisement, like any other type of sponsorship or advertising activity.

Broadcast rights

The income from broadcasting rights is the funds received from contracts concluded with the media. Distributed based on the representation of the television market, as well as participation fees are recognized in parallel with the conduct of game matches. Prize money from the club's gaming achievements is recognized, when their receipt becomes certain.

Trading revenue

Commercial revenue consists of retail sales, the sale of food and beverages, the organization of congresses (on non-gaming days), the organization of lotteries and commercial revenue not otherwise classified.

Solidarity and UEFA prize money

UEFA prize money is the funds received for participating in UEFA club tournaments. The participation fee, distributed on the basis of the representation of the television market, is recognized in parallel with the conduct of game matches. Prize money from the club's gaming achievements is recognized, when their receipt becomes certain. UEFA solidarity fees must be recognized, when the amount received becomes certain.

Other income

Other income includes donations, grants, any unusual operating income, as well as other income not classified in the previous five groups.

3.11 Employee benefits

Employee benefits to employees, including directors and management personnel, compensation provided by the Organization in any form for the services rendered:
Employee benefits are
a) short-term employee benefits, which are employee compensation (except for exemption benefits), which are fully repaid within twelve months after the end of the period, in which employees provide the appropriate service;

b) post-employment benefits, which are employee compensation (except for exemption benefits), which are payable after completion of employment;
c) other long-term employee benefits, which are employee compensation (except for exemption benefits and post-employment benefits), which are not fully repaid within twelve months after the end of the period, in which employees provide the appropriate service;
d) exemption benefits, which are employee compensation, which are subject to payment as a consequence or
- Organization solutions, dismiss employees before the accepted retirement date, or
- employee's decision, in case of a reduction in the number of employees, voluntarily resign, in return receiving these benefits:

3.12 Financial instruments

This note provides information about the Organization's financial instruments, including:

- An overview of all financial instruments held by the Organization's
- Accounting policies

Financial assets and financial liabilities are recognized in the Organization's statement of financial position when the Organization becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification of financial assets

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

Classification of financial liabilities

- Financial liabilities at amortized cost
- Financial liabilities at fair value through profit or loss (FVTPL)

<u>Financial assets at amortized cost</u>

If debt instruments that meet the following conditions are measured subsequently at amortized cost:

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

<u>Financial assets at fair value through other comprehensive income (FVTOCI)</u>

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

<u>Financial assets at fair value through profit or loss (FVTPL)</u>

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Financial liabilities at amortized cost

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Organization manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Derecognition of financial assets

The Organization derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Organization neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Organization recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Organization retains substantially all the risks and rewards of ownership of a transferred financial asset, the Organization continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at "Fair value through other comprehensive income" (FVTOCI), the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings (accumulated profit or loss).

Derecognition of financial liabilities

The Organization derecognizes financial liabilities when, and only when, the Organization's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Organization exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Organization accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that 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 rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: the carrying amount of the liability before the modification, and the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

Impairment of financial instruments

The Organization recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts.

The amount of “Expected credit losses” (ECL) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Organization always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Organization’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

4.Cash and cash equivalents

In KAMD	As of December 31, 2024	As of December 31, 2023
Cash in hand (currency)	6,290	6,638
Bank accounts (currency)	1,031	205
Bank accounts (foreign currency)	10	18
	7,331	6,861

5. Borrowings provided

Unsecured loans provided to related parties are denominated in AMD, interest-free and for current period.

	Current		Non-current	
In KAMD	As of December 31, 2024	As of December 31, 2023	As of December 31, 2024	As of December 31, 2023
Unsecured borrowings				
Borrowings to related parties	130,000	70,000	-	-
Borrowings to third parties	-	-	-	-
	130,000	70,000	-	-

6. Current tax assets and liabilities for taxes and mandatory payments

In thousand drams	As of December 31, 2024	As of December 31, 2024	As of December 31, 2023	As of December 31, 2023
	Tax asset	Tax liabilities	Tax asset	Tax liabilities
Account	-	-	-	-
Non-resident income tax	-	-	-	-
Income tax on wages	-	444	-	395
Social contribution	-	113	-	78
Stamp duty	-	65	-	54
Other taxes and fees		-	6	-
		622	6	527

7. Trade and other payables

In KAMD	As of December 31, 2024	As of December 31, 2023
Trade and other payables	515	40
Payments received	-	4,903
Salary debt	2,057	1,201
Other	-	-
	2,572	6,144

8. Grants related to income

In KAMD	As of December 31, 2024	As of December 31, 2023
Balance at 1 January	-	-
Additions	6,884	-
Recognized income	(6,884)	-
Balance at 31 December	-	-

9. Other operating income

In thousand drams	As of December 31, 2024	As of December 31, 2023
Income from donations from related parties	6,884	-
Income from other donations	-	-
Grants income related to assets	-	-
Other income	-	305
	6,884	305

10. Other operating expenses

In KAMD	Year ended December 31, 2024	Year ended December 31, 2023
Training fees and expenses for organizing games	1,030	1,610
Sports accessorises	836	1,353
Fees to the FFA	700	958
Penalties related to games	204	505
Expenses for medical care of football players	843	1,398
Office and utility expenses	2,879	2,470
Consulting expenses	4,342	2,200
Bank expenses	198	102
Repair expenses	2,481	
Other expenses	1,454	178
	14,967	10,774

11. Non-operating incomes, expenses

In thousand drams	Year ended December 31, 2024	Year ended December 31, 2023
Other income		
Income from foreign currency conversion	-	-
Income from the write-off of the advance payment received	-	-
Other incomes	-	-
Total	-	-
Other expenses		
Currency conversion costs	173	178
Expenses on Donated assets	-	-
Fines	-	-
Other	-	-
Total	173	178

12. Other financial items, net

In thousand drams	Year ended December 31, 2024	Year ended December 31, 2023
Foreign exchange effect on:		
Given borrowings	-	-
Cash and cash equivalents	(176)	(108)
Trade receivables	618	(817)
Loans and borrowings	-	-
Trade payables	-	-
	442	(925)

13. Financial instruments

13.1 Accounting policies

details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equiry instrument are disclosed in note 3.12:

13.2 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 December 31, 2024	As of December 31, 2023
Receivables		
Trade receivables	1,100	-
Cash and cash equivalents	7,331	6,861
Borrowings	130,000	70,000
	138,431	76,861

Financial liabilities

In thousand drams	As of December 31, 2024	As of December 31, 2023
Financial liabilities measured at amortized cost		
Borrowings received	4,783	1,098
Trade payables	515	40
	5,298	1,138

14. Financial risk management

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

a. Financial risk factors

i. Market risk

The Organization's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity price coming from operation and investment activities.

ii. Foreign currency risk

The Organization carries out operations in foreign currency, therefore, it is exposed to currency risk. Dependence on currency fluctuations mainly arises from accounts receivable, loans and payables.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Organization.
At the reporting date there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

iii. Liquidity risk

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

15. Fair Value

Management believes that the carrying amount of financial assets and financial liabilities recorded at amortized cost in the financial statements approximates their fair values.

16. Conventions

16.1 Business environment

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

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

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

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

16.2 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 Organization 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 Organization property, or relating to the Organization operations. Until the Organization 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 Organization 's operations and financial position.

16.3 Taxes

The taxation system in Armenia is relatively new and is characterized by frequently changing legislation, which is often subject to interpretation. The tax authorities may impose fines and penalties as a result of inspections. These circumstances may create significant tax risks. The Organization management is confident that it has correctly calculated its tax liabilities based on its interpretations of the RA tax legislation. However, the comments of the tax authorities may differ from the comments adopted in the preparation of these financial statements, and if they are approved, their impact may be significant.

16.4 Environmental matters

Management is of the opinion that the Organization has met the Government's requirements concerning environmental matters and, therefore, believes that the Organization does not have any current material environmental liabilities.

However, environmental legislation in Armenia is in process of development and potential changes in the legislation and its interpretation may give rise to material liabilities in the future.

16.5 Lawsuit

As of December 31, 2024 and the date of approval of these financial statements, lawsuits have not been filed against the Organization.

16. Events that occurred after the reporting date

These financial statements do not reflect the possible future impact of the impact described above on the Organization operations:

17. Related party transactions

21.1 Control

The ultimate controller of Organization is Sergey Ghukasov.

In case of presented statements, the party related to the Organization's are under common control Companies, director of the Companies and persons related with them.

Name of the affiliated person	The Nature of interconnectedness
Sergey Ghukasov	President
David Hovhannisyan	Executive Director

Details of transactions with the related parties during the reporting period are presented below.

1. Transactions with the end controller.

	The balance as of December 31.2024	2024		The balance as of December 31.2023
Borrowings provided	-	-	-	-

	The balance as of December 31.2023	2023		The balance as of December 31.2022
Borrowings provided	-	-	-	-

2.Transactions with management.

In KAMD	The balance as of December 31.2024	2024		The balance as of December 31.2023
Borrowings provided	130,000	60,000		70,000
Salary	-	2,396	(2,396)	-
	The balance as of December 31.2023	2023		The balance as of December 31.2022
Borrowings provided	70,000	70,000	-	-
Salary	-	2,396	(2,396)	-