

Separate Financial Statements and Independent Auditor's Report

AgroVision CJSC

31 December 2024

Contents

Independent Auditor's Report	3
Separate statement of profit or loss and other comprehensive income	5
Separate statement of financial position	6
Separate statement of changes in equity	7
Separate statement of cash flows	8
Notes to the separate financial statements	9

Independent Auditor's Report

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To the shareholder of AgroVision CJSC

Opinion

We have audited the separate financial statements of AgroVision CJSC (the “Company”), which comprise the separate statement of financial position as at 31 December 2024, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of material accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 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 Separate Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Separate statement of profit or loss and other comprehensive income

In thousand AMD

	Notes	2024	2023
Revenue		28,297	25,023
Cost of sales		(5,450)	(2,698)
Gross profit		22,847	22,325
Other income		957	-
Grant income		2,289	2,289
Distribution and marketing expenses		(1,225)	(1,314)
Administrative expenses	5	(78,993)	(75,709)
Loss from operating activities		(54,125)	(52,409)
Income from dividends	6	310,000	93,740
Finance income	7	51,586	18,590
Other financial items, net		(1,487)	(4,312)
Profit before income tax		305,974	55,609
Income tax recovery	8	38,183	-
Profit for the year		344,157	55,609
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Income tax relating to items that will not be reclassified		-	-
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		344,157	55,609

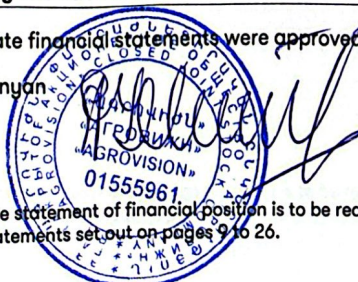
The separate statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to and forming part of the separate financial statements set out on pages 9 to 26.

Separate statement of financial position

In thousand AMD	Notes	31 December 2024	31 December 2023
Assets			
Non-current assets			
Property and equipment		49,122	49,476
Investment property		52,125	56,347
Investment in subsidiary	9	1,045,100	889,500
Trade and other receivables	10	89,601	145,398
Borrowings provided to related parties		122,656	83,671
Total non-current assets		1,358,604	1,224,392
Current assets			
Inventories		-	81
Trade and other receivables	10	30,131	61,950
Borrowings provided to related parties		23,439	11,156
Cash and cash equivalents	12	211,435	60,587
Total current assets		265,005	133,774
Total assets		1,623,609	1,358,166
Equity and liabilities			
Capital and reserves			
	13		
Share capital		270,000	270,000
Other components		495,690	495,690
Accumulated profit		744,640	440,483
Total equity		1,510,330	1,206,173
Liabilities			
Non-current			
Grants related to assets		33,767	36,056
Deferred income tax liabilities	11	70,627	108,810
Total non-current liabilities		104,394	144,866
Current			
Trade and other payables	14	8,885	7,127
Total current liabilities		8,885	7,127
Total equity and liabilities		1,623,609	1,358,166

The separate financial statements were approved on 29 August 2025 by:

Nvard Ananyan
Director



Narine Nuroyan
BDO Accounting, Tax and Legal CJSC
Director of Tax and related services

The separate statement of financial position is to be read in conjunction with the notes to and forming part of the separate financial statements set out on pages 9 to 26.

Separate statement of changes in equity

In thousand AMD	Share capital	Other components	Accumulated profit	Total
Balance at 1 January 2023	270,000	495,690	399,874	1,165,564
Profit for the year	-	-	55,609	55,609
Total comprehensive income for the year	-	-	55,609	55,609
Dividends	-	-	(15,000)	(15,000)
Balance at 31 December 2023	270,000	495,690	440,483	1,206,173
Profit for the year	-	-	344,157	344,157
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	344,157	344,157
Dividends	-	-	(40,000)	(40,000)
Balance at 31 December 2024	270,000	495,690	744,640	1,510,330

The separate statement of changes in equity is to be read in conjunction with the notes to and forming part of the separate financial statements set out on pages 9 to 26.

Separate statement of cash flows

In thousand AMD

	Notes	2024	2023
<i>Cash flows from operating activities</i>			
Profit for the year		344,157	55,609
<i>Adjustments for:</i>			
Income from grants		(2,289)	(2,289)
Depreciation expense		5,191	6,057
Income from dividends		(310,000)	-
Finance income		(51,586)	(18,590)
Income tax recovery		(38,183)	-
Movement of the allowance for doubtful receivables		-	(1,075)
Foreign exchange loss		1,487	4,312
Operating profit (loss) before working capital changes		(51,223)	44,024
Change in trade and other receivables		138,207	(29,519)
Change in inventories		81	(67)
Change in trade and other payables		1,758	821
Net cash from operations		88,823	15,259
<i>Cash flows from investing activities</i>			
Borrowings provided		(65,978)	(34,777)
Repayment of borrowings provided		14,000	-
Income tax received		49,989	-
Investment in subsidiary		(155,600)	(20,000)
Acquisition of property and equipment		(615)	(1,010)
Dividends received		256,226	73,740
Net cash from investing activities		98,022	17,953
<i>Cash flows from financing activities</i>			
Dividends paid		(36,000)	(15,000)
Net cash used in financing activities		(36,000)	(15,000)
Net increase in Cash and cash equivalents		150,845	18,212
Foreign exchange effect on cash		2	(4,236)
Cash and cash equivalents, beginning of the year		60,588	46,611
Cash and cash equivalents, end of year		211,435	60,587

The separate statement of cash flows is to be read in conjunction with the notes to and forming part of the separate financial statements set out on pages 9 to 26.

Notes to the separate financial statements

AgroVision CJSC

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

1 Nature of operations

The Company was registered in the State Register of Legal Entities of the Republic of Armenia on 6 February 2006. As at 31 December 2024, the Company's immediate parent company was the "Center for Agribusiness and Rural Development" Foundation (the "CARD Foundation").

In 2024, the main sources of the Company's income were rental income and organizing courses related to agriculture. In addition, the Parent Company provides consulting services mainly in the areas related to agricultural production, processing technologies, management and marketing.

The Company's registered address is at 1/21, 40 Azatutyan Street, Yerevan 0037, Republic of Armenia.

The average number of employees of the Company during 2024 was 5 employees (2023: 5 employees).

2 General information, statement of compliance with IFRS and going concern assumption

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as developed and published by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The separate financial statements are prepared on a going concern basis, as management is satisfied that the Company has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projection of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Company.

Subsidiaries

The Company has the following subsidiaries:

31 December 2024 Subsidiary	Ownership %	Country	Date of incorporation	Share capital	Industry
AgroTrend CJSC	100%	Armenia	10.01.2019	60,000	Sale of agricultural equipment
Smart Agro CJSc	100%	Armenia	10.01.2019	105,000	Import and sale of fodder
Kultiva CJSC	100%	Armenia	01.06.2020	50,000	Sale of agricultural equipment
AgriConcept CJSC	100%	Armenia	01.11.2019	70,000	Import and sale of food
Card AgroCredit UCO CJSC	100%	Armenia	27.06.2008	604,500	Provision of agricultural loans

AgroVision CJSC does not submit consolidated financial statements, as its financial statements are consolidated in the consolidated financial statements of its ultimate parent company "Center for Agribusiness and Rural Development" Foundation.

Business environment

Armenia's business environment faces challenges due to geopolitical tensions, particularly ongoing aggression from Azerbaijan, and regional instability. The war in Ukraine has further complicated the situation, causing disruptions in trade, sanctions on Russia, and global inflation. Armenia's reliance on Russia has strained, affecting trade, remittances, and security guarantees, urging Armenia to diversify its economic relationships, though this comes with its own risks.

The Armenian dram is stronger than expected, controlling inflation but creating difficulties for exporters and businesses with foreign-currency liabilities. Global inflation and rising energy costs pressure Armenia's economy, especially due to reliance on imports.

Despite these challenges, businesses are diversifying supply chains and exploring new markets, while the government's reform efforts provide a path for long-term stability. However, Armenia's success will depend on its businesses' ability to navigate these risks effectively.

These separate financial statements reflect management's assessment of the impact of the Armenian business environment on the operations of the Company. The Company's management constantly analyzes the economic situation in the current environment. The future economic and political situation and its impact on the Company's operations may differ from the management's current expectations

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2024

In the current year the Company has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2024.

New standards and amendments described below and applied for the first time in 2024 did not have a material impact on the annual separate financial statements of the Company:

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

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

At the date of authorization of these separate financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement.

Management does not anticipate a material impact on the the Company's separate financial statements from these Standards and Amendments. They are presented below:

- "Lack of Exchangeability" (Amendments to IAS 21)
- "Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and IFRS 7)
- IFRS 18 "Presentation and Disclosures in Financial Statements"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

4 Material accounting policies

As described in Note 3, the Company has reviewed its disclosure of accounting policies in accordance with Amendments to IAS 1 and IFRS Practice Statement 2- "Disclosure of Accounting Policies". Disclosures of

accounting policies have been more simplified and clarified, excluding accounting policies on immaterial matters, as well as general information, which only duplicates the requirements of IFRSs.

4.1 Basis of preparation

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

4.2 Climate-related matters

The Company and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks.

Physical risks arise as the result of acute weather events such as floods, droughts and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves and droughts.

Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

4.3 Business combinations

All investments are accounted for at cost. The Company has accounted for the donation of CARD Agrocredit UCO at cost, resulting in no goodwill or income from the transfer of low value. The choice of this method is due to the fact that both companies are members of the same group and do not have a non-controlling interest, and there was no change in the ultimate controlling entity as a result of the transaction.

4.4 Foreign currency

Functional and presentation currency

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

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

Foreign currency transactions

In preparing the separate 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 are as follows:

	31 December 2024	31 December 2023
AMD/1 USD	396.56	404.79
AMD/1 EUR	413.89	447.90

Non-monetary items are not retranslated and are measured at historic cost (translated using the exchange rates at the transaction date), except for non-monetary items carried at fair value that are denominated in

foreign currencies which are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in equity.

4.5 Revenue

Revenue arises mainly from the provision of services.

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

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

Revenue from leases is recognized over time when the Company satisfies performance obligation. Revenue from the provision of services is recognized when the services actually rendered are accepted by the customer.

4.6 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.

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:

Buildings and constructions	-	20 years
Vehicles	-	5-8 years
Fittings	-	5-8 years
Other	-	5 years.

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

4.7 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Rental income and operating expenses from investment property are included in revenue and other expenses, respectively.

4.8 Financial instruments

Recognition and derecognition

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

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

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

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. A summary of the Company's financial assets by category is given in Note 10.

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

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the "expected credit loss (ECL) model". Instruments within the scope of IFRS 9 requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract

assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”) and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”).

“Stage 3” would cover financial assets that have objective evidence of impairment at the reporting date.

“12-month expected credit losses” are recognized for the first category while “lifetime expected credit losses” are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

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

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. See Note 17.2 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables. A summary of the Company's financial liabilities by category is given in Note 10.1.

Trade and other payables

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

4.9 Grants

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

Grants with a primary condition to 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 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 Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

4.10 Income taxes

Current 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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. 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 profits will be available against which those deductible temporary differences can be utilized.

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 profits 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank accounts and cash in transit.

For the purpose of the statement of cash flows, cash equivalents are on-demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Company classifies investments as a cash equivalent if it is readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value.

4.12 Equity, reserves and dividend payments

Equity instruments issued by the Company are recorded at the proceeds received.

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

Accumulated profit include all current and prior period retained profits.

All transactions with owners are recorded separately within equity.

Another element of equity is the investment in a subsidiary received from the Parent company free of charge, net of deferred taxes related to the transaction.

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

4.13 Employee benefits

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

- (a) wages, salaries and bonuses;
- (b) paid annual leaves and paid disability leaves;

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

- (a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Company shall recognize that excess as

an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

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

Paid absences

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

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

Bonuses

The expected cost of bonus payments is recognized when and only when the Company has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

A present obligation exists when, and only when, the Company has no realistic alternative but to make the payments.

4.14 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of separate financial statements in conformity with IFRSs requires management to make critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the separate financial statements and the reported amounts of revenues and expenses during the reporting period.

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.

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

Useful lives of property and equipment

Management has estimated useful lives of the property and equipment. Management believes that estimated useful lives of the property and equipment are not materially different from economical lives of those assets. If actual useful lives of property and equipment are different from estimations, separate financial statements may be materially different (see Note 18).

Useful lives and residual values of depreciable assets

Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and environmental regulations that can make polluting assets to be depreciated more quickly.

A review of the useful life for fixed assets has been performed in regard to climate change and environmental regulations as known at the reporting date and which has not identified any significant impact to the Company's carrying amounts of property, plant and equipment.

Management believes that estimated useful lives of depreciable assets are not materially different from economical lives of those assets. If actual useful lives are different from estimations, separate financial statements may be materially different.

4.14.1 Critical judgments in applying accounting policies

The following are the judgements made by management in applying the accounting policies of the Company that have the most significant effect on the separate 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.

5 Administrative expenses

	2024	2023
Employee benefits	57,326	62,058
Depreciation expense for fixed assets and investment property	3,430	3,829
Bank services and insurance expenses	528	658
Audit and consulting services expenses	4,963	3,905
Business trip and representative expenses	7,757	339
Other	4,989	4,920
	78,993	75,709

6 Income from dividends

During 2024, the following dividends were declared: Card AgroCredit UCO CJSC: AMD 297,500 thousand (in 2023: AMD 60,500 thousand), AgriConcept CJSC: AMD 12,500 thousand (in 2023: AMD 33,240 thousand). Information on dividends declared and paid after the reporting period is disclosed in Note 19.

7 Finance income

	2024	2023
Interest income on short-term bank deposits	1,854	-
Income from presentation of financial liabilities at present value	21,262	-
Income from reversal of discounting of financial liabilities	15,126	12,520
Interest income on loans to related parties	13,344	6,070
Total finance income	51,586	18,590

8 Income tax recovery

	2024	2023
Deferred tax (Note 11)	38,183	-
Total income tax expense (recovery)	38,183	-

Notes to the Separate Financial Statements

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

Reconciliation of the effective tax rate is as follows:

	2024	Effective tax rate (%)	2023	Effective tax rate (%)
<i>Profit before taxation (under IFRSs)</i>	305,974		55,609	
Tax calculated at a tax rate of 18% (2023: 18%)	55,075	18%	10,010	18%
(Non-taxable) non-deductible items, net	(86,629)	(28%)	(1,693)	(3%)
Effect of unused tax losses not recognized as deferred income tax assets	(6,629)	(2%)	(8,317)	(15%)
Income tax recovery	(38,183)	(12%)	-	-

9 Investments in subsidiaries

In 2024, the Company made an investment in Kultiva CJSC – AMD 120,000 thousand, in AgroTrend CJSC – AMD 20,000 thousand, in Card AgroCredit UCO – AMD 15,600 thousand. In 2023, the Company made an investment in AgriConcept CJSC – AMD 20,000 thousand.

The Company has not consolidated the financial statements of its subsidiaries, as they have been consolidated in the consolidated financial statements of the ultimate controlling party, the Agribusiness and Rural Development Center Foundation. Detailed information on subsidiaries is provided in Note 2.

10 Financial assets and liabilities

10.1 Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in Note 4.8. The carrying amounts of financial assets and financial liabilities in each category are as follows:

Financial assets

	31 December 2024	31 December 2023
<i>Amortized cost</i>		
Trade and other receivables	118,747	205,955
Borrowings provided	146,095	94,827
Cash and cash equivalents	211,435	60,587
Total financial assets	476,277	361,369

Financial liabilities

	31 December 2024	31 December 2023
<i>Amortized cost</i>		
Trade and other payables	5,752	4,931
Total financial liabilities at amortized cost	5,752	4,931

Notes to the Separate Financial Statements

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

10.2 Trade and other receivables

	2024	2023
Financial assets		
Trade and other receivables	126,737	224,411
Allowances for credit losses	(20,490)	(27,182)
Other	12,500	8,726
	118,747	205,955
Non-financial assets		
Advances and prepayments	43	1,393
Receivables from the State budget	942	-
Total non-financial assets	985	1,393
	119,732	207,348

Fair value of trade and other receivables are presented as follows:

	Fair value		Carrying amount	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Trade receivables from related parties	155,379	289,544	97,932	174,964
Other receivables	20,815	30,991	20,815	30,991
	176,194	320,535	118,747	205,955

Long-term receivables from related parties are interest-free and are stated at fair value by discounting the related cash flows over 12 years using the CBA interest rates for similar financial instruments for the period.

The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Management believes that the receivables from the State budget are fully recoverable.

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

The closing balance of the trade receivables loss allowance as at 31 December 2024 reconciles with the trade receivables loss allowance opening balance as follows:

	2024	2023
Balance at the beginning of the year	27,182	30,402
Loss allowance unused and reversed during the year	(6,692)	(1,075)
Receivables written off during the year	-	(2,145)
Balance at the end of the year	20,490	27,182

Note 17.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

11 Deferred income taxes

The movement of deferred income taxes is disclosed below:

	2024	2023
Balance at the beginning of year	(108,810)	(108,810)
Credited to profit or loss (Note 8)	38,183	-

Notes to the Separate Financial Statements

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	2024	2023
Balance at the end of year	(70,627)	(108,810)

Deferred income taxes for the year ended 31 December 2024 can be summarized as follows:

	1 January 2024	Recognized in profit or loss	31 December 2024
<i>Deferred income tax assets</i>	20,624	(6,424)	14,200
Trade and other receivables	719	(315)	404
Trade and other payables	16,950	6,629	23,579
Accumulated tax loss	38,293	(110)	38,183
	(38,293)	38,293	-
<i>Deferred income tax liabilities</i>			
Donations received			
Trade and other payables	108,810	-	108,810
Net position – deferred income tax assets (liabilities)	(108,810)	38,183	(70,627)

Deferred income taxes for the year ended 31 December 2023 can be summarized as follows:

	1 January 2023	Recognized in profit or loss	31 December 2023
<i>Deferred income tax assets</i>			
Trade and other receivables	19,472	1,152	20,624
Trade and other payables	556	163	719
Accumulated tax loss	8,633	8,317	16,950
	28,661	9,632	38,293
Deferred tax asset valuation	(28,661)	(9,632)	(38,293)
<i>Deferred income tax liabilities</i>			
Donations received	108,810	-	108,810
Net position – deferred income tax assets (liabilities)	(108,810)	-	(108,810)

12 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and short-term investments with a maturity period of less than 3 months. Cash and bank balances at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position, as follows:

	31 December 2024	31 December 2023
Bank accounts	69,581	60,587
Short-term investments	141,854	-
Total cash and cash equivalents	211,435	60,587

See Note 17 for the currencies in which the cash and cash equivalents are denominated.

13 Equity

13.1 Share capital

Number of shares unless otherwise stated	Ordinary shares	Ordinary shares
	2024	2023
Authorized shares		
Number of ordinary shares of AMD 600,000 each	450	450

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

During 2024 dividends at the amount of AMD 40,000 thousand were declared and paid (2023: AMD 15,000 thousand).

14 Trade and other payables

	31 December 2024	31 December 2023
Trade payables	1,752	935
Advances from customers	109	109
Taxes and duties payable	780	2,087
Payables to employees	2,244	3,996
Dividends payable	4,000	-
Total trade and other payables	8,885	7,127

No interest is charged on the trade payables. The Company has financial risk management policies to ensure that all payables are paid within the credit timeframe.

15 Related parties

The Company's related parties include its parent, subsidiaries, key management, entities under common control and the key management of such entities.

15.1 Control relationships

The Company is controlled by the Center for Agribusiness and Rural Development Foundation which owns 100% of the Company's share and is the ultimate parent of the Company. The Center for Agribusiness and Rural Development Foundation is incorporated in the Republic of Armenia and located at 1/21, 40 Azatutyun Street, Yerevan and publishes consolidated financial statements. The ultimate controlling party of the Company is the board of shareholders.

15.2 Transactions with related parties

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

Transactions	2024	2023
Parent		
Acquisition of services	-	977
Provision of services	6,465	4,337
Dividends paid	40,000	15,000
Subsidiaries		

Notes to the Separate Financial Statements

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

Transactions	2024	2023
Borrowings provided	74,489	62,449
Provision of services	1,673	2,253
Acquisition of services	140	114
Dividends received	310,000	93,740
Repayment of borrowings	6,000	10,000
Capital replenishment	155,600	20,000
Interest income	23,675	18,590

Outstanding balances	2024	2023
Parent		
Trade and other receivables	-	668
Trade and other payables	4,000	521
Subsidiaries		
Trade and other receivables	160,585	289,404
Borrowings provided	145,451	94,827
Trade and other payables	-	47

15.3 Transactions with management and close family members

Directors of the Company and their close family members as at 31 December 2024 and 31 December 2023 had no significant shares in share capital of parent company.

Key management received the following remuneration during the period, which is included in payroll and employee benefits.

	2024	2023
Salaries and bonuses	42,343	35,777
Total	42,343	35,777

16 Contingent liabilities**16.1 Insurance**

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

16.2 Taxes

The taxation system in Armenia is characterized by frequently changing legislation, which sometimes needs interpretations. Often differing interpretations exist among various taxation authorities and jurisdictions. Taxes are subject to review and investigations by tax authorities, which are enabled by law to impose fines and penalties.

These facts may create tax risks in Armenia substantially more than in other developed countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax

legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

17 Financial instruments risk

Risk management objectives and policies

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

17.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk.

Foreign currency risk

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

Most of the Company's transactions are carried out in Armenian drams. Exposures to currency exchange rates arise from the Company's borrowings provided, which are primarily denominated in USD.

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

Item

31 December 2024	USD	Euro
Financial assets		
Borrowings provided	39,636	-
Cash and cash equivalents	237	1
Total financial assets	39,873	1

Item

31 December 2023	USD	Euro
Financial assets		
Borrowings provided	57,366	-
Cash and cash equivalents	-	8
Total financial assets	57,366	8

The following table details the Company's sensitivity to a 10% (2023: 10%) increase and decrease in dram against USD. 10% (2023: 10%) represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2023: 10%) change in foreign currency rates.

If Armenian dram had strengthened against USD and Euro by 10% (2023: 10%) then this would have had the following impact:

	USD impact		Euro impact	
	2024	2023	2024	2023
Profit or loss	3,987	5,737	1	1
	3,987	5,737	1	1

17.2 Credit risk analysis

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

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

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

Trade receivables consist of long-term receivables of a subsidiary. The Company does not hold any security on the trade receivables balance. In addition, the Company does not hold collateral for borrowings provided.

Trade receivables

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

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

The expected loss rates are based on the payment profile for sales before 31 December 2024 and 1 January 2024 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 360 days from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables as at 31 December 2024 and 31 December 2023 was determined as follows:

31 December 2024	Expected credit loss	Gross carrying amount	Lifetime expected credit loss
Less than 1 month	-	16,645	-
More than 1 year	16.17%	110,092	20,491
	16.17%	126,737	20,491

31 December 2023	Expected credit loss	Gross carrying amount	Lifetime expected credit loss
Less than 1 month	0.03%	6,392	67
More than 1 year	11.32%	233,137	27,115
		239,529	27,182

18 Fair value measurement

The Company provides an analysis of its assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. These Levels are described below:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18.1 Fair value measurement of financial instruments

Financial instruments measured at amortized cost for which the fair value is disclosed

Trade receivables mainly arise from sales of goods to subsidiaries. They have a maturity of up to 12 years and are interest-free. The estimated fair value of trade receivables is categorized within Level 3 of the fair value hierarchy. The fair value estimate has been determined using a present value technique. The fair value has been estimated by discounting the contractual cash flows at 10%. The most significant input is the discount rate of 10%.

The Company's other financial instruments are categorized within Level 2 of the fair value hierarchy.

19 Events after reporting date

In January 2025, the Company sold 12,000 of its 477,000 ordinary shares in Card AgroCredit UCO CJSC with a nominal value of AMD 1,300 thousand to the Company's employees. The shares were sold at nominal value. After the sale, AgroVision CJSC's shareholding was 97.48%.

Following the end of the reporting period, *Card AgroCredit UCO CJSC* announced and distributed an additional dividend totaling AMD 80,000 thousand, sourced from its net profit for the year 2024.