

Financial Statements and Independent Auditor's Report

Applied Policy Research Institute of Armenia Foundation

31 December 2025

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Independent Auditor's Report

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To the Board of Trustees of Applied Policy Research Institute of Armenia Foundation

Opinion

We have audited the financial statements of Applied Policy Research Institute of Armenia Foundation (the "Foundation"), which comprise the statement of financial position as at 31 December 2025, and the statement of income and expenses and changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia. We have also 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Armen Hovhannisyan
Chief Executive Officer of
Grant Thornton CJSC

Emil Vassilyan, FCCA
Engagement Partner

23 April 2026



Members of the Board of Trustees as at 31 December 2025

Yervant Zorian

Chairman

Vasken Yacoubian

Member

Vache Gabrielyan

Member

Suzy Missirian Antounian

Member

David Akopyan

Member

Arda Nazerian (Haratunian)

Member

Bella Margaryan

Member

Statement of income and expenses and changes in net assets

In thousand AMD

	Notes	2025	2024
Income from donations and grants related to assets	5	513,514	500,978
Other income		4,906	7,877
Program expenses	6	(372,143)	(379,176)
Operating result		146,277	129,679
Finance costs		(1,467)	(3,472)
Gain (loss) from foreign exchange rate differences, net		(5,889)	489
Profit before income tax		138,921	126,696
Income tax expense	7	(177)	(454)
Profit for the year		138,744	126,242
		2025	2024
Net assets at the beginning of the year		137,644	11,402
Net result for the year		138,744	126,242
Net assets at the end of the year		276,388	137,644

The statement of income and expenses and changes in net assets is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 26.

Statement of financial position

In thousand AMD		31 December 2025	31 December 2024
	Notes		
Assets			
Non-current assets			
Property and equipment	8	12,238	10,838
Intangible assets		647	-
Right-of-use assets	9	48,501	16,446
Prepayments for acquisition of property and equipment		-	2,176
Total non-current assets		61,386	29,460
Current assets			
Advances and accounts receivable		1,153	15,811
Bank balances	10	299,039	144,115
Total current assets		300,192	159,926
Total assets		361,578	189,386

Statement of cash flows

In thousand AMD

	2025	2024
<i>Cash flows from operating activities</i>		
Profit for the year	138,744	126,242
<i>Adjustments for:</i>		
Depreciation and amortization	18,256	25,436
Finance costs	1,467	3,761
Finance income	(513)	(289)
Income tax expense	177	454
Income from donations and grants related to assets	(513,514)	(500,978)
Foreign exchange (gain) loss	5,889	(489)
Operating (loss) before working capital changes	(349,494)	(345,863)
Change in advances and accounts receivable	14,336	(14,680)
Change in accounts payable	1,456	6,081
Cash used in operating activities	(333,702)	(354,462)
Interest paid	(402)	(184)
Net cash used in operating activities	(334,104)	(354,646)
<i>Cash flows from investing activities</i>		
Acquisition of property and equipment and intangible assets	(2,331)	(6,661)
Donations received	515,561	495,823
Interest income received	513	289
Net cash from investing activities	513,743	489,451
<i>Cash flows from financing activities</i>		
Repayment of leasing liabilities	(19,123)	(19,123)
Net cash used in financing activities	(19,123)	(19,123)
Net increase in cash and cash equivalents	160,516	115,682
Foreign exchange effect on cash	(5,592)	176
Cash and cash equivalents at the beginning of the year	144,115	28,257
Cash and cash equivalents at the end of the year	299,039	144,115

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 26.

Notes to the financial statements

Applied Policy Research Institute of Armenia Foundation

For the year ended 31 December 2025 (expressed in thousands of Armenian drams (AMD))

1 Nature of operations

The Applied Policy Research Institute of Armenia (the “APRI Armenia” or the “Foundation”) is an independent think tank and policy accelerator focused on advancing regional stability, sustainable prosperity, and civic engagement.

The Foundation provides policy recommendations and suggests constructive solutions to the relevant stakeholders to help develop solutions that can unlock tremendous potential and positive outcomes for the development of the Armenian nation.

The APRI Armenia’s mission is to shift Armenia’s trajectory toward a more stable, sustainable, and democratic future.

The Foundation is a charitable foundation registered according to the legislation of the Republic of Armenia. Charitable foundations are not entitled to declare and pay dividends.

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

The APRI Armenia was founded in the Republic of Armenia in September 2025. The Foundation’s registered office is 2/2 Meliq Adamyán Street, Yerevan, Republic of Armenia.

The founder of APRI Armenia is the "Armenian General Benevolent Union" Foundation, which was founded and operates in the United States.

The APRI Armenia was launched thanks to the generous support of the Armenian General Benevolent Union and a group of more than a dozen philanthropic donors from around the world.

The average number of employees of the Foundation during 2025 was 13 employees (2024: 12 employees).

Business environment

Armenia’s business environment in 2025 continues to be influenced by geopolitical tensions, regional security risks and evolving global economic conditions. These factors contribute to heightened uncertainty for local companies.

Economic performance across sectors was uneven during the period. Growth continued to be supported primarily by the trade, service and construction sectors, reflecting resilient private consumption and investment activity. Industrial output, while previously affected by contractions in select subsectors, demonstrated stability and modest improvement in recent reporting periods, aided by recovery within certain manufacturing activities.

The financial sector remained stable, underpinned by a well-capitalized and adequately regulated banking system. Regulatory oversight and supervisory practices continued to support the maintenance of liquidity, solvency, and operational soundness across financial institutions, despite the presence of external risks.

For 2025 Armenia’s economic growth was at 5.1%, for 2026 the expectation is at 5.4%.

Management has assessed the impact of the current economic environment on the operations of the Foundation and reflected this in these financial statements. However, the future economic and political situation may differ from current expectations, and such differences could affect the Foundation’s financial position, performance, and cash flows.

Statement of compliance and Going concern

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

The financial statements are prepared on a going concern basis, as management is satisfied that the Foundation 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 economic downside scenarios and their potential impacts on the profitability, capital and liquidity of the Foundation.

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2025

In the current year the Foundation has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board and IFRS Interpretations Committee of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2025.

The amendment to IAS 21 *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* was applied for the first time in 2025, which introduced requirements to assess when a currency is exchangeable into another currency and when it is not. The adoption of this amendment did not have an impact on the financial statements of the Foundation.

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

At the date of authorization of these 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 Foundation.

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

- IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- two new subtotals defined in the statement of profit or loss and other comprehensive income: operating profit and profit or loss before financing and income taxes
- the classification of all income and expenses within the statement of profit or loss and other comprehensive income in one of five categories: operating, investing, financing, income taxes and discontinued operations
- a new requirement to disclose performance measures defined by management, and
- an improvement in the principles related to the aggregation and disaggregation of information in the financial statements and accompanying notes.

Some of the disclosure requirements previously contained in IAS 1 have been transferred to IAS 8 without any material changes. This applies in particular to disclosures on accounting policies and sources of estimation uncertainty. As a result of these changes, IAS 8 will be renamed to Basis of Preparation of Financial Statements.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operating activities under the indirect method, from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other IFRS Accounting Standards.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. IFRS 18 will be applied retrospectively with specific transitional provisions.

The Foundation is currently working to identify all the impacts that IFRS 18 will have on the financial statements and notes to the financial statements.

Other new standards, amendments and interpretations not adopted in the current year are not expected to have a material impact on the Foundation's financial statements.

- Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (effective for annual reporting periods beginning on or after 1 January 2026)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) (effective for annual reporting periods beginning on or after 1 January 2026)

- Annual Improvements to IFRS Accounting Standards - Volume 11 (effective for annual reporting periods beginning on or after 1 January 2026)
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual reporting periods beginning on or after 1 January 2027)

4 Material accounting policies

4.1 Basis of preparation

The financial statements have been prepared on an accruals basis.

4.2 Currency

Functional and presentation currency

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

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

Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the Central Bank of Armenia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Armenia prevailing on the reporting date, which are as follows:

	31 December 2025	31 December 2024
AMD/1 USD	381.36	396.56
AMD/1 EUR	449.01	413.89

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.

4.3 Income

Income of the Foundation arises from donations received, interest from Foundation's cash, etc.

Income from donations

Donations received by the Foundation where no condition is attached to the transfer of amounts are recognized as income when they become receivable.

Donations received which are earmarked for incurring particular expenses are recognized as deferred income in the current period and subsequently recognized in the result of the year on a systematic basis in the same periods in which the expenses are recognized.

4.4 Intangible assets

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

Amortization is charged to result for the year or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the intangible assets, which is estimated at 2 years.

4.5 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and 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 as a result for the year.

Expenditure to replace a component of an item of property and equipment that is accounted for separately is capitalized within the carrying amount of that asset. Subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized as result for the year as incurred.

Depreciation is charged to result for the year 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:

Computer equipment and fittings	- 1-8 years
Other	- 3-8 years.

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

4.6 Leased assets

The Foundation as a lessee

The Foundation makes the use of leasing arrangements principally for the provision of office spaces. Lease terms for office premises have lease terms of 3 years without any extension terms.

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

Measurement and recognition of leases as a lessee

At lease commencement date, the Foundation recognizes a right-of-use asset and a lease liability in its statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Foundation, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Foundation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

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

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

4.7 Financial instruments

Recognition and derecognition

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

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

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

Classification and initial measurement of financial assets

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

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

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

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or gain or loss from foreign exchange rate differences, except for impairment of trade receivables which is presented within other expenses. A summary of the Foundation's financial assets by category is given in Note 16.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Foundation's cash and cash equivalents, accounts receivable fall into this category of financial instruments.

During the periods presented, the Foundation has no financial assets measured at fair value through profit or loss or at fair value through other comprehensive income.

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”.

The Foundation 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.

Classification and measurement of financial liabilities

The Foundation's financial liabilities include trade and other payables, lease liabilities.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Foundation designated financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

In the periods presented the Foundation does not have any financial liability at FVTPL.

The Foundation's financial liabilities by category are disclosed in Note 16.

4.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank accounts, cash in transit and on-demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

4.9 Grants

Grants are not recognized until there is reasonable assurance that the Foundation 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 grants related to assets in the statement of financial position and transferred to result of the year 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 Foundation with no future related costs are recognized as income 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.

4.11 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;
- (c) non-monetary benefits.

When employees render services to the Foundation during the accounting period, the Foundation 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 Foundation 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 Foundation has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

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

4.12 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRS Accounting Standards 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.

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.

4.12.1 Estimation uncertainty

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

Useful lives 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.

The useful lives of depreciable assets are reviewed at least annually, taking into consideration the factors mentioned above and all other important relevant information. Management believes that estimated useful lives of these assets are not materially different from their economical lives. If actual useful lives are different from estimations, financial statements may be materially different.

Leases

The value of right-of-use assets and lease liabilities is based on management estimates of lease terms as well as an incremental borrowing rate used to discount lease payments.

The lease term corresponds to the non-cancellable period of each contract except in cases where the Foundation is reasonably certain of exercising renewal options. When assessing the lease term, management considers all facts and circumstances that create an economic incentive for the Foundation to exercise an extension option, including useful life of the asset located on the leased site and costs associated with terminating or entering into new lease agreements.

Additionally, the Foundation cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowings rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Foundation would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Foundation estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Changes in these factors could affect the estimated lease term and the carrying amounts of right-of-use assets and lease liabilities.

5 Income from donations and grants related to assets

	31 December 2025	31 December 2024
Income from donations (see Note 13)	511,054	491,338
Income from grants related to assets (see Note 11)	2,460	9,640
	513,514	500,978

6 Program expenses

	2025	2024
Employee compensation	270,002	252,942
Events and representation expenses	42,801	72,496
Depreciation and amortization	18,255	25,435
Office and utility expenses	13,018	11,122
Professional support expenses	13,554	-
Other	14,513	17,181
	372,143	379,176

7 Income tax expense

	2025	2024
Current tax	177	454
Total income tax expense	177	454

Reconciliation of the effective tax rate is as follows:

	2025	Effective tax rate (%)	2024	Effective tax rate (%)
Profit before taxation (under IFRS Accounting Standards)	138,921		126,696	
Tax calculated at a tax rate of 18% (2024: 18%)	25,006	18.00	22,805	18.00
Non-taxable items, net	(24,889)	(17.92)	(22,351)	(17.64)
Income tax expense	117	(0.08)	454	(0.36)

8 Property and equipment

	Machinery and equipment	Other	Total
Cost			
Balance at 1 January 2024	12,645	7,323	19,968
Additions	1,740	2,745	4,485
Balance at 31 December 2024	14,385	10,068	24,453
Additions	-	3,807	3,807
Balance at 31 December 2025	14,385	13,875	28,260
Accumulated depreciation			
Balance at 1 January 2024	4,032	104	4,136
Charge for the year	8,453	1,026	9,479
Balance at 31 December 2024	12,485	1,130	13,615
Charge for the year	1,005	1,402	2,407
Balance at 31 December 2025	13,490	2,532	16,022
Carrying amount			
Balance at 31 December 2024	1,900	8,938	10,838
Balance at 31 December 2025	895	11,343	12,238

None of the Foundation's property and equipment have been pledged as a security as at 2025 and 2024. Depreciation expense is included in program expenses.

9 Leases

The Foundation has rented office space.

Right-of-use assets

	Office space
Cost	
Balance at 1 January 2024	42,845
Balance at 31 December 2024	42,845
Additions	47,851
Balance at 31 December 2025	90,696
Accumulated depreciation	
Balance at 1 January 2024	10,603
Charge for the year	15,796
Balance at 31 December 2024	26,399
Charge for the year	15,796
Balance at 31 December 2025	42,195

	Office space
Carrying amount	
Balance at 31 December 2024	16,446
Balance at 31 December 2025	48,501

Depreciation expense is included in program expenses.

The Foundation's lease agreement was renewed for a period of 3 years starting 16 January 2026.

The table below describes the nature of the lease functions recognized in the Foundation's statement of financial position as at 31 December 2025 by type of right-of-use asset:

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	31 December 2025	31 December 2024
Non-current	34,341	-
Current	14,221	18,367
Total lease liabilities	48,562	18,367

Each lease generally imposes a restriction that, unless there is a contractual right for the Foundation to sublet the asset to another party, the right-of-use asset can only be used by the Foundation. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The Foundation is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Foundation must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Foundation must insure items of property and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The movement of lease liability is presented below:

	2025	2024
Balance at the beginning of year	18,367	33,729
Additions	47,851	-
Lease payments	(19,123)	(19,123)
Interest cost	1,467	3,761
Balance at the end of year	48,562	18,367

Future minimum lease payments at 31 December 2025 were as follows:

	Minimum lease payments	
	31 December 2025	31 December 2024
Within one year		
Lease payments	19,123	19,843
Finance charges	(4,902)	(1,476)
	14,221	18,367
In second to fifth years inclusive		
Lease payments	38,966	-
Finance charges	(4,625)	-
	34,341	-

	Minimum lease payments	
	31 December 2025	31 December 2024
Net present value	48,562	18,367

10 Bank balances

	31 December 2025	31 December 2024
Bank accounts in national currency	66,652	103,874
Bank accounts in foreign currency	238,387	40,241
Total cash and cash equivalents	299,039	144,115

See Note 17.1 for the currencies in which the cash and cash equivalents are denominated.

11 Grants related to assets

	31 December 2025	31 December 2024
Balance at the beginning of year	10,838	15,993
Increase in grants related to income	4,507	4,485
Used during the year (See Note 5)	(2,460)	(9,640)
Balance at the end of year	12,885	10,838

12 Trade and other payables

	31 December 2025	31 December 2024
Financial liabilities		
Payables to employees	15,525	9,010
Other	644	2,599
	16,169	11,609
Non-financial liabilities		
Advances received	1,513	4,226
Taxes and duties payable	5,884	6,300
	7,397	10,526
Total trade and other payables	23,566	22,135

13 Donations

	2025	2024
Balance at the beginning of year	-	-
Funds received during the year	515,561	495,823
Transfer to grants related to assets	(4,507)	(4,485)
Used during the year (See Note 5)	(511,054)	(491,338)
Balance at the end of year	-	-

Funds received during the year are presented below:

Notes to the Financial Statements

For the year ended 31 December 2025 (expressed in thousand of Armenian drams (AMD))

	31 December 2025	31 December 2024
Armenian General Benevolent Union, US	426,759	439,314
Armenian General Benevolent Union, Armenia	19,008	19,200
Armenian General Benevolent Union, Switzerland	57,219	-
Calouste Gulbenkian Foundation	9,046	9,289
Candide Foundation	-	17,418
Friedrich Naumann Foundation	-	3,527
Other	3,529	7,075
	515,561	495,823

14 Related parties

The Foundation's related parties include its founder, members of the Board of Trustees and key management.

14.1 Control relationships

The Foundation is controlled by Board of Trustees.

14.2 Transactions with related parties

During the reporting year the Foundation had the following transactions with the related parties and as at the reporting date had no outstanding balances.

	2025	2024
Donations received	502,986	458,514
Total	502,986	458,514

14.3 Transactions with management and close family members

Key management received the following remuneration during the year, which is included in Employee benefits.

	2025	2024
Salaries	1,243	1,248
Total	1,243	1,248

15 Contingent liabilities

15.1 Insurance

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

15.2 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.

16 Financial assets and liabilities

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 4.7. The carrying amounts of financial assets and financial liabilities in each category are as follows:

Financial assets

	31 December 2025	31 December 2024
Amortized cost		
Accounts receivable	45	-
Bank balances	299,039	144,115
Total financial assets at amortized cost	299,084	144,115
Total financial assets	299,084	144,115

Financial liabilities

	31 December 2025	31 December 2024
Amortized cost		
Lease liabilities	48,562	18,367
Trade and other payables	16,169	11,609
Total financial liabilities at amortized cost	64,731	29,976
Total financial liabilities	64,731	29,976

A description of the Foundation's financial instrument risks, including risk management objectives and policies is given in Note 17.

The carrying amounts of cash and cash equivalents and accounts payable are considered to be reasonable approximations of fair value.

17 Financial instruments risk

Risk management objectives and policies

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

17.1 Market risk analysis

The Foundation is exposed to market risk through its use of financial instruments and specifically to currency risk, which results from its operating activities.

Foreign currency risk

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

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

Item

31 December 2025	USD	Euro
Financial assets		
Bank balances	213,062	19,325
Total financial assets	213,062	19,325
Net position		
	213,062	19,325

Item

31 December 2024	USD	Euro
Financial assets		
Bank balances	26,886	13,355
Total financial assets	26,886	13,355
Net position		
	26,886	13,355

The following table details the Foundation's sensitivity to a 5% (2024: 10%) increase and decrease in dram against USD. 5% 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 5% change in foreign currency rates.

If Armenian dram had strengthened against USD and Euro by 5% (2024: 10%) then this would have had the following impact:

	USD impact		Euro impact	
	2025	2024	2025	2024
Result for the year	10,653	2,689	966	1,336
	10,653	2,689	966	1,336

The analysis above is considered to be representative of the Foundation's exposure to currency risk.

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 Foundation.

The Foundation's credit risk arises from financial assets, including cash and cash equivalents held in banks.

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

The maximum exposure to credit risk is represented by the carrying amounts of the following financial instruments:

	31 December 2025	31 December 2024
Amortized cost		
Bank balances	299,039	144,115

Notes to the Financial Statements

For the year ended 31 December 2025 (expressed in thousand of Armenian drams (AMD))

	31 December 2025	31 December 2024
Other receivables	45	-
Total financial assets	299,084	144,115

Bank balances

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

The table below discloses the credit quality of balances from financial institutions based on credit risk grades:

S&P Global Ratings	31 December 2025	31 December 2024
BB-	299,039	144,115
Total	299,039	144,115

The above bank balances and receivables are neither past due nor impaired, and the expected credit loss (ECL) is considered insignificant.

17.3 Liquidity risk analysis

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

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

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

2025	Non-interest bearing	Finance lease liability	Total
Weighted average effective interest rate (%)		12.9%	
Less than 6 months	644	6,848	7,492
6 months to 1 year	15,525	7,373	22,898
1-3 years	-	34,341	34,341
	16,169	48,562	64,731
2024	Non-interest bearing	Finance lease liability	Total
Weighted average effective interest rate (%)			
Less than 6 months	2,599	8,521	11,120
6 months to 1 year	9,010	9,846	18,856
	11,609	18,367	29,976

The Foundation considers expected cash flows from financial assets in assessing and managing liquidity risk, particularly its cash resources and trade receivables. The Foundation's cash resources and trade receivables significantly exceed the current cash outflow requirements.

18 Fair value measurement

Notes to the Financial Statements

For the year ended 31 December 2025 (expressed in thousand of Armenian drams (AMD))

The Foundation 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).