

**“SHTIGEN”**

***LIMITED LIABILITY COMPANY***

**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S  
REPORT**

**31 December 2024**

**YEREVAN 2025**

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04.06.2025  
N 032511

CONFIRMED BY

Baker Tilly Armenia CJSC  
General Director



Vahe Gevorgyan

## INDEPENDENT AUDITOR'S REPORT

To participant of Shtigen LLC

### *Opinion*

We have audited the accompanying consolidated financial statements of Shtigen LLC (hereafter, "the Company") and its subsidiaries (hereafter, "the Group"), which comprise the Consolidated Statement of Financial Position as at 31 December 2024, the Consolidated Statement of Profit or Loss and other Comprehensive Income, the Consolidated Statement of Changes in Equity, and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policy.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and its cash flows for the year that ended, in accordance with International Financial Reporting Standards (IFRS).

### *Basis for Opinion*

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

### *Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements*

The Group's Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is

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necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

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



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

A handwritten signature in blue ink, appearing to read "S. Badalyan", is written over a solid black horizontal line.

**Sedrak Badalyan**

*Auditor*

4 June 2025

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousand drams

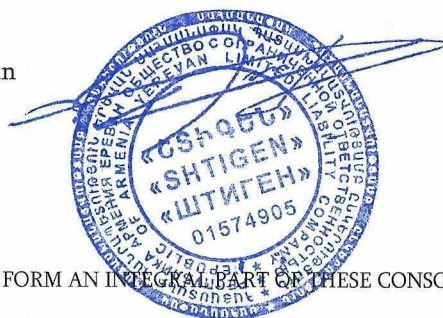
	Note	As of 31 December 2024	As of 31 December 2023
<i>Assets</i>			
<i>Non-current assets</i>			
Property, plant and equipment	4	298,823	318,884
Right-of-use assets	5	53,522	71,460
Intangible assets		95,060	4,393
Prepayments for acquisition of non-current assets		40,750	
Bank deposits	6	132,414	64,497
Deferred tax assets	7	133,135	30,307
Investments in other entities	8	436,548	26,322
Borrowings provided	9	70,360	37,988
		<u>1,260,612</u>	<u>553,851</u>
<i>Current assets</i>			
Inventories	10	1,460,646	1,416,629
Trade and other receivables	11	922,870	1,068,013
Income tax assets		-	3,506
Bank deposits	6	199,729	5,505
Borrowings provided	9	18,085	10,753
Cash and Bank balances	12	50,940	20,113
		<u>2,652,270</u>	<u>2,524,519</u>
<b>TOTAL ASSETS</b>		<u><b>3,912,882</b></u>	<u><b>3,078,370</b></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousand drams	Notes	As of 31 December 2024	As of 31 December 2023
<b>EQUITY AND LIABILITIES</b>			
<i>Equity and Reserves</i>			
Charter Capital	13	100,050	50
Retained earnings/ (accumulated loss)		(320,447)	190,233
Revaluation reserve		79,509	-
Additional paid-in capital		392,124	-
Share premium deficit		(11,699)	-
Foreign currency translation reserve		127	-
Non-controlling interest		6,248	(1,253)
		<u>245,911</u>	<u>189,030</u>
 <i>Non-current liabilities</i>			
Loans and borrowings	14	554,763	849,818
Lease liabilities	15	42,122	59,730
		<u>596,885</u>	<u>909,548</u>
 <i>Current liabilities</i>			
Loans and borrowings	14	890,944	348,987
Lease liabilities	15	17,608	17,575
Trade and other payables	16	2,158,271	1,613,230
Income tax payable		3,263	-
		<u>3,070,086</u>	<u>1,979,792</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>3,912,882</b></u>	<u><b>3,078,370</b></u>

The consolidated financial statements were approved on June 4, 2025.

Hayk Shekyan  
 Director



Mane Danielyan  
 Chief Accountant

NOTES 1 TO 27 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousand drams

	Notes	Year ended 31 December 2024	Year ended 31 December 2023
Revenue	17	10,620,619	6,144,556
Cost of sales	18	(8,884,113)	(4,872,029)
Gross profit		<u>1,736,506</u>	<u>1,272,527</u>
Other income		51,621	134,108
Distribution and marketing expenses	19	(1,232,969)	(515,206)
Administrative expenses	20	(826,623)	(725,508)
Other expenses		(288,235)	(40,428)
Operating profit		<u>(559,700)</u>	<u>125,493</u>
Financial income / (expense), net		(67,422)	(47,870)
Other financial items		21,833	(34,470)
Profit before tax		<u>(605,289)</u>	<u>43,153</u>
Income tax (expense) / benefit	21	98,608	(4,480)
Profit/ (loss) for the year		<u>(506,681)</u>	<u>38,673</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(506,681)</u>	<u>38,673</u>

NOTES 1 TO 27 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousand drams	Charter Capital	Retained earnings / (Accumulated Loss)	Share premium deficit	Revaluation Reserve	Additional paid-in capital	Foreign currency translation reserve	Non- controlling interest	Total
As at 1 January 2023	50	156,196	-	-	-	-	(1,279)	154,967
Profit for the year	-	38,647	-	-	-	-	26	38,673
<i>Total comprehensive income for the year</i>	-	38,647	-	-	-	-	26	38,673
Dividends	-	(4,610)	-	-	-	-	-	(4,610)
<i>Transactions with owners</i>	-	(4,610)	-	-	-	-	-	(4,610)
As at 31 December 2023	50	190,233	-	-	-	-	(1,253)	189,033
Profit for the year	-	(510,680)	(11,699)	-	-	127	3,999	(518,253)
Fair value remeasurement of investment	-	-	-	-	392,124	-	-	392,124
Revaluation of intangible assets	-	-	-	79,508	-	-	3,502	83,010
<i>Total comprehensive income for the year</i>	-	(510,680)	(11,699)	79,508	392,124	127	7,501	(43,119)
Issued charter capital	100,000	-	-	-	-	-	-	100,000
<i>Transactions with owners</i>	100,000	-	-	-	-	-	-	100,000
As at 31 December 2024	100,050	(320,447)	(11,699)	79,508	392,124	127	6,248	245,913

NOTES 1 TO 27 FORM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

## CONSOLIDATED STATEMENT OF CASH FLOWS

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	As of 31 December 2024	As of 31 December 2023
<i>Cash Flows from Operating Activities</i>		
Profit/ (loss) for the year	(516,202)	38,673
<i>Adjustments:</i>		
Depreciation and amortization	172,138	62,674
Provision for accounts receivable	-	(51,835)
Write-off of accounts payable	-	(70,995)
Disposal of property and equipment	294	21,568
Finance costs	67,422	47,870
Provision for unused vacation	102,872	66,363
Income tax expense/(recovery)	(89,087)	4,480
(Gain)/loss from foreign exchange differences	(21,833)	34,470
Cash flows from operating activities before changes in working capital	<u>(284,396)</u>	<u>153,268</u>
Changes in:		
Inventories	(44,017)	(59,729)
Trade and other receivables	145,143	(42,237)
Trade and other payables	545,224	(356,694)
Cash flows from operating activities	<u>361,954</u>	<u>(305,392)</u>
Income tax paid	(85,581)	(20,813)
Net cash from / (used in) operating activities	<u>276,373</u>	<u>(326,205)</u>
<i>Cash flows from investing activities</i>		
Acquisition of property and equipment and intangible assets	(43,766)	(261,328)
Investments in unaffiliated companies	-	(10,350)
Borrowings provided	(39,704)	(32,371)
(Placement)/redemption of deposits	(262,141)	(21,940)
Interest income received	73,091	27,898
Net cash used in investing activities	<u>(272,520)</u>	<u>(298,091)</u>
<i>Cash flows from financing activities</i>		
Proceeds from loans, net	236,771	740,084
Interest paid	(200,224)	(98,825)
Dividends paid	-	(4,610)
Net cash flows from financing activities	<u>36,547</u>	<u>636,649</u>
<i>Net increase in cash and cash equivalents</i>	40,400	12,353
Effect of exchange rate changes on cash and cash equivalents	427	(12,527)
Cash and cash equivalents at the beginning of the year	10,113	10,287
Cash and cash equivalents at the end of the year	<u>50,940</u>	<u>10,113</u>

NOTES 1 TO 27 FOEM AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS

# NOTES ATTACHED TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 NATURE OF OPERATIONS AND GENERAL INFORMATION

The consolidated financial statements for the year ended December 31, 2024, comprise the consolidated financial statements of "Stigen" LLC (hereinafter referred to as the "Parent Company") and its subsidiaries: "Enerex" CJSC, "Andron" CJSC, "Stigen Advisory" LLC, "Chinaren" LLC, and "Stigen Group Georgia" LLC (collectively hereinafter referred to as the "Group").

The Parent Group holds 90% of the shares of "Enerex" CJSC, 100% of the shares of "Andron" CJSC, 95% of the shares of "Stigen Group Georgia" LLC, 90% of the shares of "Chinaren" LLC, and 51% of the shares of "Stigen Advisory" LLC. The Group also owns 30% of the shares of Stigen Ventures CJSC, which has been classified as an associate of the Parent Group.

"Stigen" LLC was established in 2011 under the laws of the Republic of Armenia by Armenian citizen Hayk Valerik Shekian. The Group's registered address is 0033, 23 Viktor Hambardzumyan St., Yerevan, Republic of Armenia.

The primary activity of the Parent Group is the development of energy-saving and safe solar energy systems. The Group has designed, constructed, and operates the region's largest solar thermal power plant (Grand Sport), as well as Armenia's largest solar power plants (Green Energy, ArSun, Solar 5).

### *Business environment*

The situation in the Republic of Armenia has deteriorated due to the war initiated by Azerbaijan. Despite the ceasefire agreement reached, the short-term and long-term economic consequences of the conflict on Armenia's economy remain uncertain.

In 2024, the political situation in Armenia continues to be relatively unstable. The aftermath of the 44-day Artsakh war still significantly impacts the country's overall economy. In September 2023, approximately 120,000 Armenians from Artsakh were forcibly displaced to Armenia, which triggered additional economic and political shocks. Due to the unstable political environment, periodic closures of international routes, and short-term violations of the ceasefire regime, it is difficult to precisely predict the economic impact of these conditions on the Group's operations.

Political and economic reforms, as well as developments in the legal, tax, and regulatory frameworks in Armenia, are ongoing. The stability and growth of the Armenian economy largely depend on these changes. The government has committed to effective governance, which includes anti-corruption efforts, transparency, and accountability.

The above events may have a material impact on the Group's future operations and financial stability, the full extent of which is difficult to assess at present. Future economic and political conditions, and their effects on the Group's activities, may differ from current expectations of the Group's management.

The Group's management believes that the current level of liquidity is sufficient to support ongoing operations. The Group regularly reviews its liquidity position and is prepared to implement appropriate liquidity support measures if necessary.

These consolidated financial statements do not reflect the potential future impact of the above-described circumstances on the Group's operations.

## 2 BASIS OF PREPARATION

### 2.1 Compliance

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on the basis that the Group will continue as a going concern.

### 2.2 Measurement basis

The consolidated financial statements have been prepared using the accrual basis of accounting (except for the statement of cash flows) and the historical cost method.

### 2.3 Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian dram (AMD), which is also the Group's functional currency as it best reflects the economic substance of the underlying transactions and events of the Group.

These consolidated financial statements are presented in Armenian drams (unless otherwise stated), as management believes this currency is the most useful to users of the Group's consolidated financial statements. All financial information presented in drams is rounded to the nearest thousand units.

### 2.4 Use of estimates and judgements

Preparation of consolidated financial statements in accordance with IFRS requires the Group's management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of income and expenses during the reporting period. Significant areas involving higher judgment and complexity, or those where assumptions and estimates are critical to the consolidated financial statements, are disclosed in Note 22 to the consolidated financial statements.

### 2.5 Adoption of new and revised standards

During the current year, the Group has adopted all new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC), which are effective for annual periods beginning on or after January 1, 2024, and are relevant to the Group's operations.

The nature and impact of these changes are disclosed below:

#### **New and Revised Standards and Interpretations Effective for Annual Periods Beginning on or After 1 January 2024.**

The following new standards and amendments, which were first applied in 2023, have had no material impact on the Group's consolidated financial statements:

- *“Amendments to IFRS 17 “Insurance Contracts”*, including the extension of the temporary exemption from applying IFRS 9 (Amendments to IFRS 4)
- *Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”*
- *Initial Application of IFRS 17 and IFRS 9 – Comparative Information* (Amendments to IFRS 17)
- *Definition of Accounting Estimates* (Amendments to IAS 8)
- *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2)
- *International Tax Reforms – Pillar Two Rules* (Amendments to IAS 12)

Except for the amendments to IAS 1 and the IFRS Practice Statement 2 on *Disclosure of Accounting Policies* described below, other standards and amendments have not had a material effect on the Group's consolidated financial statements.

### **Amendments to IAS1 and IFRS Practice Statement 2 “Disclosure of Accounting Policies”**

The amendments provide guidance and examples to assist entities in applying judgment in deciding which accounting policies to disclose. The amendments aim to help entities provide more useful information about accounting policies by replacing the requirement to disclose “significant” accounting policies with a requirement to disclose “material” accounting policies, and by adding guidance on how to apply the concept of materiality.

### **Standards, Amendments, and Interpretations Issued but Not Yet Effective and Not Early Adopted by the Group**

As of the date of authorization of these consolidated financial statements, the IASB has issued certain new standards, amendments, and interpretations that are not yet effective and have not been early adopted by the Group.

Management expects to adopt all applicable pronouncements in the Group's accounting policies from the effective date of each standard or amendment, starting with the first annual period following their effective date.

Management currently anticipates that these changes will not have a material impact on the Group's consolidated financial statements. These include the following:

Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability”

Amendments to IFRS 9 and IFRS 7 “Financial Instruments: Classification and Measurement”

IFRS 18 “Presentation and Disclosure of Consolidated Financial Statements”

## **3 ACCOUNTING POLICY**

### **3.1 Foreign Currency**

#### *Foreign Currency Transactions*

In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency are recorded at the exchange rates published by the Central Bank of the Republic of Armenia (CBA) on the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated using the exchange rates published by the CBA as at the reporting date. As of December 31, 2024, the exchange rate was AMD 396.56 per USD 1 and AMD 413.89 per EUR 1 (December 31, 2023: AMD 404.79 per USD 1 and AMD 447.90 per EUR 1). Non-monetary items are not retranslated and are measured at historical cost.

Exchange differences arising from foreign currency transactions and from the retranslation of monetary items denominated in foreign currencies are recognized in profit or loss for the period.

### **3.2 Financial Instruments**

#### *Recognition and Derecognition*

Financial assets and financial liabilities are recognized when the Group becomes a party 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 is transferred along with substantially all the risks and rewards of ownership to a third party.

Financial liabilities are derecognized when they are discharged, cancelled, or when their contractual term expires.

#### *Classification and initial measurement of financial assets*

All financial assets are initially measured at fair value, plus transaction costs that are directly attributable to the acquisition of the financial asset, except for trade receivables that do not contain a significant financing component, which are measured at the transaction price in accordance with IFRS 15.

Except for hedging instruments, financial assets are classified into the following categories:

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

The classification depends on:

- The Group's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets recognized in profit or loss are included in finance income, finance costs, or other financial items, except for impairment losses on trade receivables, which are presented in other expenses. The Group's financial assets by category are disclosed in Note 23.

#### *Subsequent measurement of financial assets*

##### *Financial assets measured at amortized cost*

Financial assets are measured at amortized cost if both of the following conditions are met and the asset is not designated as measured at fair value through profit or loss:

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

After initial recognition, these assets are measured at amortized cost using the effective interest method. If impact of discounting is insignificant, discounting is not applied. This category typically includes the Group's cash and cash equivalents, trade receivables, and the majority of other receivables.

##### *Trade and other receivables*

The Group accounts for trade and other receivables using the simplified approach and recognizes a loss allowance based on expected credit losses (ECL) over the lifetime of the asset. This represents expected shortfalls in contractual cash flows, considering the possibility of default at any time during the receivable's life. In calculating expected credit losses, the Group uses a provision matrix based on historical credit loss experience, adjusted for forward-looking factors and external indicators.

The Group assesses impairment of trade receivables on a collective basis, grouping receivables by days past due due to their similar credit risk characteristic.

##### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and balances with banks.

For the purpose of the statement of cash flows, cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash equivalents are held to meet short-term cash commitments, not for investment or other purposes. The Group classifies investments as cash equivalents only when they meet these criteria.

### *Classification and measurement of financial liabilities*

The Group's financial liabilities include borrowings and loans, trade and other payables, and lease liabilities. These liabilities are categorized and disclosed in Note 23.

#### *Borrowings and loans*

Borrowings and loans are initially recognized at fair value, net of transaction costs. Any difference between the fair value and nominal value is recognized in profit or loss, except when the loan is received from shareholders—where the difference is recognized in equity as additional capital. After initial recognition, borrowings are measured at amortized cost, with the difference between the carrying amount and the repayment amount recognized in profit or loss over the term of the loan using the effective interest method. Interest and other costs related to borrowings are expensed as incurred and included in finance costs, except for borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset, which are capitalized as part of the cost of that asset.

#### *Trade and other payables*

Trade and other payables are initially recognized at fair value and subsequently measured at amortized cost.

## **3.3 Equity**

Equity instruments issued by the Group are recorded at nominal value.

Charter capital represents the nominal value of issued shares

Retained earnings/(accumulated losses) include the undistributed profit/(loss) from current and prior periods.

The revaluation reserve reflects increases arising from the revaluation of intangible assets.

Additional capital represents increases resulting from the revaluation at fair value of investments classified as financial instruments.

All transactions with owners are recorded directly in equity.

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

## **3.4 Employee compensation**

Short-term employee benefits are those expected to be settled in full within twelve months after the end of the reporting period in which the employees have rendered the related services. These include:

- (a) wages and salaries, and bonuses;
- (b) paid annual leave and paid sick leave.

Paid absences

Expected costs related to short-term employee benefits in the form of paid absences are 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 absence actually occurs.

#### *Bonuses*

Expected costs for bonuses are recognized only when the Group 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 Group has no realistic alternative but to settle the obligation.

### 3.5 Revenue

Revenue is recognized at the fair value of the consideration received or receivable, net of any trade discounts provided by the Group.

To determine whether and when to recognize revenue, the Group applies the five-step model:

- 1 Identify the contract with the customer;
- 2 Identify the performance obligations;
- 3 Determine the transaction price;
- 4 Allocate the transaction price to the performance obligations;
- 5 Recognize revenue when (or as) the performance obligations are satisfied.

Revenue is recognized either at a point in time or over time, depending on when the Group satisfies its performance obligation by transferring the promised goods or services to the customer.

## 4 PROPERTY, PLANT AND EQUIPMENT

In thousand drams	Machinery and equipment	Transportation means	Industrial and agricultural property	Other	Total
<i>Initial cost</i>					
As of 1 January 2023	20,063	23,750	55,637	112,007	211,457
Additions	161,091	44,721	26,902	10,822	243,536
Disposals	(23,693)	-	-	-	(23,693)
As of 1 December 2023	157,461	68,471	82,539	122,829	431,300
Additions	7,409	16,671	10,616	9,070	43,766
Disposals	(272)	-	(50)	(383)	(705)
As of 1 December 2024	164,598	85,142	93,105	131,516	474,361
<i>Accumulated depreciation</i>					
As of 1 January 2023	15,468	10,610	29,687	17,813	73,578
Charge for the year	22,191	7,158	7,693	3,921	40,963
Eliminated on disposal	(2,125)	-	-	-	(2,125)
As of 1 December 2023	35,534	17,768	37,380	21,734	112,416
Charge for the year	30,325	8,740	17,748	6,720	63,533
Eliminated on disposal	(21)	-	(35)	(355)	(411)
As of 1 December 2024	65,838	26,508	55,093	28,099	175,538
<i>Carrying amount</i>					
As of 31 December 2023	121,927	50,703	45,159	101,095	318,884
As of 31 December 2024	98,760	58,634	38,012	103,417	298,823

The depreciation expense of property, plant and equipment has been allocated as follows: AMD 8,815 thousand to selling expenses and AMD 54,718 thousand to administrative expenses (2023: AMD 7,450 thousand to selling expenses, AMD 24,135 thousand to administrative expenses, and AMD 9,378 thousand to cost of sales).

As at the reporting date, the Group's property, plant and equipment were not pledged as collateral.

## 5 RIGHT-OF USE ASSETS

In thousand drams

	<u>Office Permisses</u>
<i>Initial cost</i>	
As of 1 January 2023	-
Additions	89,252
As of 31 December 2023	89,252
As of 31 December 2024	89,252
<i>Accumulated depreciation</i>	
As of 1 January 2023	-
Charge for the year	17,792
As of 31 December 2023	17,792
Charge for the year	17,938

As of 31 December 2024	35,730
<i>Carrying amount</i>	
As of 31 December 2023	71,460
As of 31 December 2024	53,522

The depreciation expense of right-of-use assets has been allocated to administrative expenses amounting to AMD 17,938 thousand (2023: AMD 17,792 thousand).

## 6 BANK DEPOSITS

In thousand drams	Interest rate	As of 31 December 2024	
		Prinipal amount	Accrued interest
Armswissbank CJSC	9.9%	72,000	2,111
Armswissbank CJSC (Enerex)	9.9%	245,415	12,617
		<u>317,415</u>	<u>14,728</u>

## 7 DEFERRED TAX ASSETS

The movement of deferred tax assets is presented below:

In thousand drams	2024	2023
Opening balance	30,307	12,798
Recognized in profit or loss (see Note 21)	102,828	17,509
Closing balance	<u>133,135</u>	<u>30,307</u>

Deferred taxed as of 31 December 2024 are classified as follows.

In thousand drams	As of 1 January 2024	Recognized in profit or loss	As of 31 December 2024
Employee Compensation	22,375	18,610	40,985
Trade receivables	5,564	(5,564)	-
Warranty provision	2,368	-	2,368
Tax loss	-	89,782	89,782
	<u>30,307</u>	<u>93,307</u>	<u>133,135</u>

Deferred taxes for the year ended 31 December 2023 are categorized as follows:

In thousand drams	As of 1 January 2023	Recognized in profit or loss	As of 31 December 2023
Employee Compensation	12,798	9,577	22,375
Trade receivables	-	5,564	5,564
Warranty service provision	-	2,368	2,368
	<u>12,798</u>	<u>17,509</u>	<u>30,307</u>

## 8 INVESTMENTS IN OTHER ENTITIES

The Parent Company holds a 19% interest in the charter capital of “Solar 5” LLC and an equal interest in “Arsan” LLC. As of December 31, 2024, an independent appraiser performed a valuation to determine the fair value of the investments. As a result, the initial carrying amount of the investments increased to AMD 375,717 thousand.

The investments in Sharpmachine LLC have also been revalued based on their market value, and the 7,799 common shares of Hayekonombank CJSC have been revalued based on the financial statements published by the company. As a result, the initial investment values have increased and amounted to AMD 18,671 thousand and AMD 39,775 thousand, respectively.

The increase in the investment value was recognized as additional paid-in capital within equity.

## 9 BORROWINGS PROVIDED

In thousand drams

	As of 31 December 2024	
	Principal amount	Accrued interest
Legal entities	71,450	10,221
Individuals	6,500	283
	<u>77,950</u>	<u>10,495</u>

## 10 INVENTORIES

In thousand drams

	As of 31 December 2024	As of 31 December 2023
Goods	362,927	358,542
Work in progress	6,849	2,854
Raw materials	1,090,870	1,055,233
	<u>1,460,646</u>	<u>1,416,629</u>

## 11 TRADE AND OTHER RECEIVABLES

In thousand drams

	As of 31 December 2024	As of 31 December 2023
<i>Financial assets</i>		
Trade receivables	688,492	507,449
Allowance for expected credit losses	-	(10,675)
	<u>688,492</u>	<u>496,774</u>
<i>Non-financial assets</i>		
Prepayments	164,328	382,136
Receivables from the State Budget	49,889	27,801
Other	20,161	161,302
	<u>234,378</u>	<u>571,239</u>
Trade and other receivables	<u>922,870</u>	<u>1,068,013</u>

All amounts are classified as current. The net carrying amount of trade receivables is considered a reasonable approximation of their fair value.

The average collection period for trade receivables arising from the provision of services is 24 days (2023: 30 days). No interest is charged on trade receivables.

Management is confident that receivables from the state budget are fully recoverable.

All trade and other receivables of the Group for the comparative period have been reviewed for indicators of impairment. Impaired trade receivables mainly relate to customers operating in the business-to-business market who are experiencing financial difficulties.

As of December 31, 2024, the allowance for expected credit losses on trade receivables reconciles with the opening balance as follows:

In thousand drams

	2024	2023
Allowance for expected credit losses opening balance	10,675	-
Provision recognized during the year	-	10,675
Reversal of unused allowance during the year	(10,675)	-
Allowance for expected credit losses closing balance	-	10,675

Note 24 presents disclosures related to credit risk and expected credit loss analysis.

See Note 24(a) for disclosures on the currencies of trade and other receivables.

## 12 CASH AND BANK BALANCES

In thousand drams

	As of 31 December 2024	As of 31 December 2023
Cash on hand	4,922	3,901
Bank accounts	36,018	6,212
Frozen accounts	10,000	10,000
	50,940	20,113

## 13 CAPITAL AND RESERVES

### 13.1 Charter capital

In thousand drams

	Charter capital 2024	Charter capital 2023
1 share	100,050	50

The sole shareholder of the parent company is Hayk Shekyan, a citizen of the Republic of Armenia. The authorized capital is fully paid.

## 14 LOANS AND BORROWINGS

In thousand drams

	As of 31 December 2024	
	Principal amount	Accrued interest
<b>Bank loans</b>	1,047,593	7,655

<b>Borrowings</b>		
From related parties	64,119	-
From unrelated parties	206,383	1,629
	<u>270,502</u>	<u>1,629</u>
<b>Leasing</b>	117,321	1,007
	<u>1,435,416</u>	<u>10,291</u>

## 15 LEASE LIABILITY

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

In thousand drams

	As of 31 December 2024	As of 31 December 2023
Short-term	17,608	17,575
Long term	42,122	59,730
	<u>59,730</u>	<u>77,305</u>

Except for short-term leases and leases of low-value assets, each lease is recognized in the statement of financial position as a right-of-use asset and a lease liability. The Group classifies right-of-use assets in accordance with the classification of its own property, plant, and equipment (see Note 5).

Each lease contains a restriction whereby the right-of-use asset may only be used by the Group as long as there is no contractual right for the asset to be provided to another party. Leases are either non-cancellable or cancellable only with the payment of a significant termination fee. Some leases include options to purchase the underlying asset at the end of the lease term or to extend the lease term. The Group is prohibited from selling or pledging the underlying asset. Leased office and gaming center premises must be maintained by the Group in good condition (renovated) and returned to their original state at the end of the lease.

Lease liabilities are secured by the respective underlying assets. Future minimum lease payments as of December 31, 2024, and December 31, 2023, are presented below.

In thousand drams

	<u>Minimum lease payments</u>	
	As of 31 December 2024	As of 31 December 2023
<i>Up to one year</i>		
Lease payments	23,760	25,740
Finance charges	(6,152)	(8,165)
	<u>17,608</u>	<u>17,575</u>
<i>From two to five years</i>		
Lease payments	47,520	71,280
Finance charges	(5,398)	(11,550)
	<u>42,122</u>	<u>59,730</u>
Present value	<u>59,730</u>	<u>77,305</u>

## 16 TRADE AND OTHER PAYABLES

In thousand drams

	As of 31 December 2024	As of 31 December 2023
Trade payables	795,544	482,963
Received advances	926,102	882,676
Taxes and liabilities payable	188,299	104,913
Employee compensations	229,392	126,520
Provision for warranty	13,153	13,153
Other	5,781	3,005
	<u>2,158,271</u>	<u>1,613,230</u>

No interest is accrued on trade accounts payable. The Group has financial risk management policies in place to ensure timely settlement of all liabilities.

More detailed information about the Group's foreign exchange risk is provided in Note 24.

## 17 REVENUE

In thousand drams

	Year ended 31 December 2024	Year ended 31 December 2023
From sales of goods	10,428,085	6,050,648
From provision of services	192,534	93,908
	<u>10,620,619</u>	<u>6,144,556</u>

## 18 COST OF SALES

In thousand drams

	Year ended 31 December 2024	Year ended 31 December 2023
Materials	3,829,961	2,801,232
Acquisition of services	4,102,268	1,703,266
Employee compensation	951,884	358,153
Depreciation	-	9,378
	<u>8,884,113</u>	<u>4,872,029</u>

## 19 DISTRIBUTION AND MARKETING EXPENSES

In thousand drams

	Year ended 31 December 2024	Year ended 31 December 2023
Information services	64,218	60,494
Advertising and marketing expenses	53,315	39,135
Membership fees	27,123	22,420
Transportation expenses	42,213	29,657
Employee compensation	772,732	330,581
Lease expenses	46,138	18,408
Depreciation	8,815	7,450
Insurance expenses	2,415	2,469
Commission fees to banks and non-bank credit organizations	212,015	-
Other	3,985	4,592
	<u>1,232,969</u>	<u>515,206</u>

## 20 ADMINISTRATIVE EXPENSES

In thousand drams

	Year ended 31 December 2024	Year ended 31 December 2023
Employee compensation	476,567	351,303
Audit and consulting expenses	44,374	37,384
Bank charges	24,818	20,032
Commission fees to banks and non-bank credit organizations	-	106,440
Office and utility expenses	27,537	27,761
Postage and communication expenses	8,934	4,428
Depreciation and amortization	75,298	63,638
Lease expenses	33,226	36,608
Transportation expenses	29,754	15,751
Travel and representation expenses	37,807	19,947
Tax expenses	32,988	3,929
Other	35,320	38,287
	<u>826,623</u>	<u>725,508</u>

\*The commission fees paid to banks and non-bank credit organizations (NBCOs) were classified as administrative expenses in 2023, whereas in 2024 they were classified as selling expenses.

## 21 INCOME TAX EXPENSE

In thousand drams

	Year ended 31 December 2024	Year ended 31 December 2023
Current tax	4,220	21,989
Deferred tax (see Note 7)	(102,828)	(17,509)
	<u>(98,608)</u>	<u>4,480</u>

The reconciliation of the effective tax rate is presented below.

In thousand drams

	Year ended 31 December 2024	Effective tax rate (%)	Year ended 31 December 2023	Effective tax rate (%)
Profit/(loss) before tax (according to IFRS)	<u>(605,289)</u>		<u>43,153</u>	
Income tax at 18% rate (2023: 18%)	(108,952)	18.0	7,768	18.0
(Non-taxable income)/non-deductible expenses, net	<u>10,344</u>	<u>(1.7)</u>	<u>(3,288)</u>	<u>(7.6)</u>
Income tax expense/(benefit)	<u>(98,608)</u>	<u>16.3</u>	<u>4,480</u>	<u>10.4</u>

## 22 IMPORTANT ACCOUNTING ESTIMATES AND JUDGMENTS

Assumptions and judgments are continuously assessed and are based on historical experience as well as other factors, including expected future events that are considered reasonable under the circumstances.

### 22.1 Significant accounting estimates

The Group makes forward-looking estimates and assumptions. These accounting estimates may differ from the actual results. Below are the estimates and assumptions that involve a risk of material adjustments to the carrying amounts of assets and liabilities within the next financial year:

#### *Useful lives of property, plant and equipment and intangible assets*

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

### 22.2 Significant judgments

Below are the significant judgments made by management in applying accounting policies that have the most significant effect on the consolidated financial statements:

#### *Recognition of deferred tax assets*

The extent to which deferred tax assets can be recognized depends on the estimation of the probability that sufficient taxable income will be available in the future against which the deductible temporary

differences and tax losses carried forward can be utilized. In addition, significant judgment is required when assessing legal and economic restrictions and uncertainties in the tax environment.

#### *Lease contracts*

- Determining the lease term for contracts where the Group is a lessee, including whether the Group is reasonably certain to exercise lease extension options.
- Determining the incremental borrowing rate used to measure lease liabilities.

## 23 FINANCIAL INSTRUMENTS

### 23.1 Significant accounting policies

The accounting policies applied for each category of financial asset and financial liability, including details of the methods adopted and the recognition criteria and bases for income and expenses, are disclosed in Note 3.

### 23.2 Categories of financial instruments

The carrying amounts of financial assets and liabilities, categorized by type, are presented below.

#### *Financial assets*

In thousand drams

	As of 31 December 2024	As of 31 December 2023
<i>Amortized cost</i>		
Trade and other receivables	688,492	496,774
Bank deposits	332,143	70,002
Investment in associate company	420,141	26,322
Borrowings provided	88,445	48,741
Cash and bank balances	50,940	10,113
	<u>1,580,161</u>	<u>651,952</u>

#### *Financial liabilities*

In thousand drams

	As of 31 December 2024	As of 31 December 2023
<i>Amortized cost</i>		
Loans and borrowings	1,445,707	1,198,805
Lease liabilities	59,730	77,305
Trade and other payables	801,325	485,968
	<u>2,306,762</u>	<u>1,762,078</u>

## 24 FINANCIAL RISK MANAGEMENT

In connection with financial instruments, the Group is exposed to various risks. These risks include market risk, credit risk, and liquidity risk.

The Group does not engage in active trading of financial assets for speculative purposes, nor does it issue options. The most significant financial risks to which the Group may be exposed are described below.

### Financial risk factors

#### a) *Market risk*

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

#### b) *Foreign currency risk*

The Group conducts transactions in foreign currencies and is therefore exposed to the effects of foreign exchange rate fluctuations.

The majority of the Group's transactions are carried out in Armenian drams. Exposure to exchange rate fluctuations arises from foreign sales and purchases that are initially denominated in U.S. dollars, euros, and other currencies.

The financial assets and liabilities denominated in foreign currencies, which expose the Group to foreign currency risk, are described below. The amounts presented represent the data provided to key management personnel and are expressed in Armenian drams at the exchange rate prevailing at the end of the reporting period.

In thousand drams

Item	US dollar	Euro
<i>Financial assets</i>		
Trade and other receivables	5,017	15,833
	<u>5,017</u>	<u>15,833</u>
<i>Financial liabilities</i>		
Loans and borrowings	226,254	-
Trade and other payables	257,423	34,489
	<u>483,677</u>	<u>34,489</u>
Net position	<u>(478,660)</u>	<u>(18,656)</u>

In thousand drams

Հոդված	US dollar	Euro
<i>Financial assets</i>		
Trade and other receivables	-	-
	<u>-</u>	<u>-</u>
<i>Financial liabilities</i>		
Loans and borrowings	838,378	-
Trade and other payables	142,531	67,328
	<u>980,909</u>	<u>67,328</u>
Net position	<u>(980,909)</u>	<u>(67,328)</u>

The table below presents the Group's sensitivity to a 10% (2023: 10%) appreciation/depreciation of the Armenian dram against the U.S. dollar, the euro, and other currencies. The 10% (2023: 10%) rate represents management's estimate of a reasonably possible change in exchange rates. The sensitivity analysis includes only the foreign currency-denominated monetary items and adjusts their translation at the end of the reporting period by a 10% change in exchange rates (2023: 10%).

A 10% (2023: 10%) appreciation of the dram against the U.S. dollar, euro, and other currencies would have the following impact:

In thousand drams	Impact of US dollar		Impact of Euro	
	2024	2023	2024	2023
Profit or loss	(47,866)	(98,091)	(1,866)	(6,733)

The impact of foreign exchange rate fluctuations varies throughout the year depending on the volume of foreign transactions. Nevertheless, the above analysis can be considered a reflection of the Group's exposure to foreign currency risk.

*c) Liquidity risk*

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due.

The Group manages its liquidity risk by maintaining adequate cash reserves and bank balances, as well as holding highly liquid assets to ensure the timely settlement of operational liabilities.

The table below presents the contractual remaining maturities of the Group's non-derivative financial liabilities. The table is based on undiscounted cash flows of financial liabilities, using the earliest date on which the Group may be required to settle those obligations.

2024

	Non-interest bearing	Fixed interest rate instruments	Total
<i>Weighted average effective interest rate (%)</i>			
Up to 6 months	397,772	454,276	852,048
6 months to 1 year	403,553	454,276	857,829
Over 1 year	-	596,885	596,885
	<u>801,325</u>	<u>1,505,437</u>	<u>2,306,762</u>

2023

	Non-interest bearing	Fixed interest rate instruments	Total
<i>Weighted average effective interest rate (%)</i>			
Up to 6 months	241,482	183,281	424,763
6 months to 1 year	244,487	183,281	427,768
Over 1 year	-	909,548	909,548
	<u>485,968</u>	<u>1,276,110</u>	<u>1,762,078</u>

In assessing and managing liquidity risk, the Group takes into account the expected cash inflows from financial assets, particularly cash and trade receivables. The Group's cash and trade receivables are lower than the required cash outflows.

## 25 CAPITAL RISK

The Group manages its capital to ensure its ability to continue as a going concern and to provide adequate returns to shareholders.

The Group's capital consists of equity, which includes issued capital and retained earnings.

Management assesses the Group's capital requirements to ensure an efficient overall financing structure, avoiding excessive leverage. The levels of subordination among different classes of the Group's borrowings are taken into consideration. The Group manages and adjusts its capital structure in response to changes in economic conditions and the nature of risks associated with its assets. In order to maintain or adjust the capital structure, the Group may modify the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital using the ratio of "net debt" to "adjusted equity".

In thousand drams

	As of 31 December 2024	As of 31 December 2024
<i>Net debt</i>		
Total equity	219,983	189,030
Less: Subordinated loans	-	-
Less: Cash and bank balances	(50,940)	(10,113)
	<u>169,043</u>	<u>178,917</u>
<i>Adjusted equity</i>		
Total equity	219,983	189,030
Plus: Subordinated loans	-	-
	<u>219,983</u>	<u>189,030</u>
Net debt to adjusted equity ratio	<u>0.77</u>	<u>0.95</u>

## 26 CONTINGENCIES

### 26.1 Insurance

The insurance system in Armenia is still in the development stage, and many types of insurance widely used in other countries are not yet practiced in Armenia. The Group does not have comprehensive insurance coverage for its assets or interruption of operations, nor does it have insurance for third-party liabilities arising from damage to property or the environment related to the Group's assets or operations. As long as the Group is not adequately insured, there is a risk that the loss or destruction of certain assets could have an adverse material impact on the Group's operations and financial position.

### 26.2 Taxes

The tax legislation of the Republic of Armenia is subject to frequent changes, which in some cases require interpretation. Different tax authorities and other competent bodies often have varying interpretations.

Taxes are subject to review and audit by tax authorities. Tax authorities are legally empowered to impose fines and penalties.

These circumstances may result in higher tax risks in Armenia compared to other countries. Management believes that appropriate provisions have been made for tax liabilities based on its interpretation of the tax legislation. However, interpretations by tax authorities may differ, and their impact could be significant.

## 27 RELATED PARTIES

The Group's related parties include key management personnel, entities under common control, and associated companies. The Group consists of the following subsidiaries and associates:

- "Enerex" CJSC 90%,
- "Andron" CJSC 100%,
- "Shtigen Group Georgia" 95%
- "Shtigen Advisory" LLC 51%,
- "Chinaren" LLC 90%
- Shtigen Ventures CJSC 30%:

### 27.1 Control

The sole shareholder of the Parent Group is Hayk Shekyan, a citizen of the Republic of Armenia (100% ownership).

### 27.2 Transactions with related parties

During the reporting year, the following transactions were conducted between the Group and its related parties, and the balances as of the reporting date are as follows:

In thousand drams

Transactions	Year ended 31 December 2024	Year ended 31 December 2023
Parent company		
Sale of goods	20,870	-
Services provided	6,586	-
Borrowings received	2,729,317	6,932,267
Interest income	56,811	-
Services received	12,698	-
Borrowings provided	1,092,956	-
Borrowing repayments	(999,606)	(6,580,170)
Interest expense	(7,118)	-
	<u>2,912,514</u>	<u>352,097</u>
Subsidiaries		
	265	-
	12,698	-
	1,092,956	-
	7,118	-
Purchase of goods and raw materials	20,870	-
Services received	6,586	-

Borrowings provided	2,729,317	-
Borrowing repayments	(2,811,670)	-
Interest expense	(56,811)	-
	<u>1,001,329</u>	<u>-</u>
Associates		
Borrowings received	31,571	-
Interest expense	(7,175)	-
	<u>24,396</u>	<u>-</u>

### 27.3 Transactions with management

As of December 31, 2024, and December 31, 2023, the Group's management and their immediate relatives do not hold any participation in the Group's authorized capital.

Key management personnel received the following remuneration during the period, which is included in the "Employee Benefits" item.

In thousand drams

	Year ended 31 December 2024	Year ended 31 December 2024
Salary	<u>38,110</u>	<u>23,577</u>