Consolidated Financial Statements and Independent Auditor's Report

Foundation for Armenian Science and Technology

31 December 2024

Contents

Grant Thornton

Independent Auditor's Report

Grant Thornton CJSC
Yerevan Plaza Business Center
9 Grigor Lusavorich Street
Yerevan 0015
Republic of Armenia

T +374 10 50 09 64/61

Գրանթ Թորնթոն ՓԲԸ
Երևան Պլազա բիզնես կենտրոն
ՀՀ, ք. Երևան 0015
Գրիգոր Լուսավորչի 9

Հեռ.՝ +374 10 50 09 64/61

To the Board of Trustees of Foundation for Armenian Science and Technology

Opinion

We have audited the consolidated financial statements of Foundation for Armenian Science and Technology and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of activities, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with 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 consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 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 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 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 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, 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 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 of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

Armen Hovhannisyan	Emil Vassilyan, FCCA
Chief Executive Officer of ''Grant Thornton'' CJSC	Engagement Partner

2 May 2025

Consolidated statement of activities

In thousand AMD

	Notes	2024	2023
Income from restricted funds	5	18,327	8,458
Income from unrestricted funds	5	1,035,135	707,790
Income from endowment funds	12	34,891	71,111
Other income		29,549	22,617
Administrative expenses	6	(315,111)	(372,113)
Project expenses	7	(544,501)	(420,879)
Fundraising expenses	8	(299,752)	(219,185)
Finance expense		(10,010)	(12,135)
Net gain (loss) from exchange differences		(736)	925
Result before income tax from continuing operations		**(52,208)**	**(213,411)**
Income tax recovery		817	1,612
Result for the year from continuing operations, net of income taxes		**(51,391)**	**(211,799)**
Result for the year from discontinued operations	15	**(4,589)**	**562**
Result and other comprehensive income for the year		**(55,980)**	**(211,237)**

The consolidated statement of activities is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 11 to 26.

Consolidated statement of financial position

In thousand AMD	Notes	31 December 2024	31 December 2023
Assets			
Non-current assets			
Intangible assets		4,307	2,851
Property and equipment	9	167,562	218,383
Deferred income tax assets		2,429	1,612
Total non-current assets		**174,298**	**222,846**
Current assets			
Inventories		2,577	3,665
Accounts receivable		1,415	677
Grants receivable		383	-
Prepayments		14,640	29,775
Cash and cash equivalents	11	33,500	53,359
Assets included in disposal group classified as discontinued	15	7,172	14,761
Total current assets		**59,687**	**102,237**
Total assets		**233,985**	**325,083**

Consolidated statement of financial position (continuation)

In thousand AMD	Notes	31 December 2024	31 December 2023
Net assets and liabilities			
Net assets			
Accumulated result		(29,607)	26,373
Total net assets		**(29,607)**	**26,373**
Liabilities			
Non-current			
Lease liabilities	13	53,926	74,269
Endowment funds	12	81,438	102,741
Total non-current liabilities		**135,364**	**177,010**
Current			
Restricted funds		-	1,733
Endowment funds	12	27,441	34,507
Accounts payable	14	44,935	33,496
Lease liabilities	13	22,560	18,672
Liabilities included in disposal group classified as discontinued	15	33,292	33,292
Total current liabilities		**128,228**	**121,700**
Total equity and liabilities		**233,985**	**325,083**

The consolidated financial statements were approved on 02 May 2025 by:

Syuzanna Shamakhyan
Executive director

Mariam Knyazyan
Chief Accountant

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

Consolidated statement of changes in net assets

In thousand AMD	Accumulated result
Balance at 1 January 2023	**237,610**
Result for the year	(211,799)
Total comprehensive income for the year	**(211,237)**
Balance at 31 December 2023	**26,373**
Result for the year	(55,980)
Total comprehensive income for the year	**(55,980)**
Balance at 31 December 2024	**(29,607)**

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

Statement of cash flows

In thousand AMD

	2024	2023
Cash flows from operating activities		
Grants and donations received	1,049,589	730,983
Receipts from provision of services	25,287	23,409
Donations provided	(205,757)	(120,174)
Payments made to suppliers and employees	(736,681)	(713,198)
Payments to State Budget, except for income tax	(119,603)	(119,588)
Other cash net receipts (payments)	(1,612)	-
Net cash from operating activities of discontinued operations	-	2,619
Net cash from (used in) operating activities	**11,223**	**(195,949)**
Cash flows from investing activities		
Acquisition of equipment	(4,106)	(34,269)
Acquisition of intangible assets	(2,188)	(16)
Repayment of borrowings provided	3,000	-
Net cash (used in) investing activities of discontinued operations	-	(10,285)
Net cash (used in) investing activities	**(3,294)**	**(44,570)**
Cash flows from financing activities		
Lease payments made	(26,467)	(23,835)
Net cash (used in) investing activities	**(26,467)**	**(23,835)**
Net (decrease) in cash and cash equivalents	(18,538)	(264,354)
Foreign exchange effect on cash	(1,321)	830
Cash and bank balances from discontinued operations	-	(6,092)
Cash and cash equivalents, beginning of the year	53,359	322,975
Cash and cash equivalents, end of year	**33,500**	**53,359**

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

Notes to the consolidated financial statements

Foundation for Armenian Science and Technology

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

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

1 Nature of operations

The Foundation for Armenian Science and Technology (the "Foundation") was established as a comprehensive platform to drive technological and scientific advancement in Armenia and beyond. FAST develops and pilots initiatives across education, research, and commercialization, aiming to create sustainable impact.

Its activities include the institutional adoption of its core frameworks, such as the ADVANCE Research Grants program, and the expansion of the Generation AI High School Project. The Foundation continues to focus on scaling initiatives, strengthening the science and technology talent pipeline, and fostering strategic partnerships.

The sources of financing of the Foundation are grants and donations received, fundraisings, and income generated by any other activity not prohibited by law.

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

The Foundation was incorporated in the Republic of Armenia on 20 June 2017 as a not-for-profit organization and was set up in accordance with regulations of the Republic of Armenia.

The Founders of the Foundation are as follows:

- Noubar Boghos Afeyan;
- AYB educational foundation;
- Arthur Alaverdian;
- Ruben Vardanyan.

The Board consists of 7 members. The average number of employees of the Group during 2024 was 29 employees (2023: 32 employees).

The Group's address is Hakob Hakobyan str., 3 Building, Yerevan, 0033, Republic of Armenia.

On 30 October 2020 the Foundation has founded a subsidiary Advanced Solutions Center CJSC (the "Subsidiary") with 100% ownership. The Subsidiary is a Venture Builder Company. The main activity performed by the Subsidiary is provisions of services, alienation of goods, research, and development in the fields of artificial intelligence and data science, computational behavioral research, life sciences, advanced materials and robotics. The Subsidiary has fully owned subsidiary Denovo Sciences CJSC, which is an IT start-up company. In 2023 the Foundation made a decision to liquidate the Subsidiary’s operations as it no longer serves its original purpose.

Subsidiaries

The Foundation is the sole participant of the following subsidiaries as at 31 December 2024 and 31 December 2023:

Subsidiary	Ownership %	Country	Date of incorporation	Industry	Date of acquisition
Advanced Solutions Center CJSC	100%	Armenia	30 October 2020	Venture builder	30 October 2020
Denovo Sciences CJSC	100%	Armenia	18 November 2020	IT start-up	18 November 2020

During 2023 the Board of Trustees decided to liquidate these subsidiaries without successor. As a result, these subsidiaries are reflected in these consolidated financial statements as discontinued operations.

In accordance with IFRS 5, the results of the discontinued operation for the year ended 31 December 2024 are presented separately from continuing operations in the consolidated statement of activities (see Note 15).

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

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

Business environment

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

The Armenian dram remains stronger than expected, helping to control inflation but posing challenges for not for profit organizations and foundations managing foreign-currency denominated grants and expenses. Broader economic pressures—such as global inflation and rising energy costs—affect the cost of implementing programs, particularly in sectors reliant on imported goods and services.

Despite these challenges, civil society organizations are adapting by optimizing operational costs, seeking diversified funding sources, and expanding regional partnerships. Government-led reforms also provide a framework for more stable and transparent collaboration. However, the effectiveness of program delivery will largely depend on the Group's ability to navigate these economic risks and adjust its implementation strategies accordingly.

Management has reviewed the impact of these circumstances on the Group’s ability to continue as a going concern for the foreseeable future and has concluded that financing of the Group’s projects mainly comes from the US, projects are of continuing nature targeted at future technologies and their implementation in the Armenian education system and therefore, the above impact on the current consolidated financial statements is not considered material.

The future economic and political situation and its impact on the Group’s operations may differ from the management's current expectations

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2024

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

New standards and amendments applied for the first time in 2024 did not have a material impact on the annual consolidated financial statements of the Group:

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

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 Group.

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

Management does not anticipate a material impact on the the Group’s consolidated financial statements from these Standards and Amendments. They are presented below:

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

4 Material accounting policies

The following material accounting policies have been applied in the preparation of the financial statements. The accounting policies have been consistently applied.

4.1 Basis of preparation

The consolidated financial statements have been prepared on an accruals basis and under the historical cost convention.

4.2 Basis of consolidation

The Group's financial statements consolidate those of the parent company and all its subsidiaries as at 31 December 2024. All subsidiaries have a reporting date of 31 December.

All transactions and balances between companies are eliminated on consolidation, including unrealized gains and losses on transactions between the Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

4.3 Climate-related matters

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

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

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

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

As at the reporting date, there is no legislative or regulatory requirement in the Republic of Armenia to assess or disclose climate-related matters. Accordingly, the Group has not undertaken a formal assessment or incorporated climate-related risks into its financial reporting or risk management framework.

4.4 Foreign currency

Functional and presentation currency

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

These consolidated financial statements are presented in AMD (unless otherwise stated), 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:

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

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

Non-monetary items are not retranslated and are measured at historic cost (translated using the exchange rates at the transaction date), except for non-monetary items carried at fair value that are denominated in foreign currencies which are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

4.5 Income

Income arises mainly from grants and donations received and provision of services.

Income from restricted and unrestricted funds

This income is recognized when there is reasonable assurance that the donation will be received or when it is actually received and included in the items "Income from restricted funds" and "Income from unrestricted funds" of the Consolidated statement of activities.

Income from endowment funds

This income is included in the item "Income from endowment funds" of the Consolidated statement of activities along with the depreciation and amortization expense of the long-term assets received from the grant.

Provision of services

Service income is generated from provision of workspace services and is recognized at the time the services are rendered, according to their stage of completion and is included in the item "Other income" of the Consolidated statement of activities.

4.6 Intangible assets

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

Amortization is charged to profit or loss or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the intangible assets, which is generally estimated from 1 to 5 years. The useful life of the intangible asset is calculated since the asset becomes ready to use. The amortization ends on earlier of when the intangible asset is classified as held for sale or when the intangible asset is derecognized.

4.7 Property and equipment

Items of property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs. When an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

The asset’s residual values, useful lives and depreciation methods are reviewed and adjusted as appropriate, at each financial year.

Costs related to repairs and maintenance are charged when incurred and included in other expenses, unless they qualify for capitalization.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in income or expense in the year the asset is derecognized.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Expenditure to replace a component of an item of property and equipment that is accounted for separately is capitalized with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in profit or loss as incurred.

Depreciation is charged to profit or loss or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use.

The estimated useful lives are as follows:

Machinery and equipment	5-8 years
Vehicles	10 years
Office equipment	5-8 years
Other	5-8 years
Leasehold improvement	Shorter of useful life and the term of underlying lease

4.8 Leased assets

The rental contracts for offices are typically negotiated for terms of between 3 and 5 years and some of these have extension terms. Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Group does not enter into sale and leaseback arrangements.

Measurement and recognition of leases as a lessee

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

At lease commencement date, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the substance, fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

4.9 Impairment of property and equipment and intangible assets

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

Recoverable amount is the higher of net selling price and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

4.10 Financial instruments

Recognition and derecognition

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

Financial assets when they are recognized initially are measured at fair value, less directly attributable transaction costs, subsequently they are measured at amortized cost.

Financial liabilities are measured initially at fair value less directly attributable transaction costs, and have not been designated as at fair value through profit or loss, subsequently they are measured at amortized cost. A summary of the Group's financial assets by category is given in Note 10.1.

Classification and initial measurement of financial assets

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

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

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

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. A summary of the Group's financial assets by category is given in Note 10.1.

Subsequent measurement of financial assets

Financial assets at amortized cost

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

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

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

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables, that are stated at fair value and subsequently stated at amortized cost.

4.11 Inventories

Inventories are assets held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Items such as spare parts, stand-by equipment and servicing equipment are also recognized as inventories unless they meet the definition of property and equipment.

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

4.12 Net assets

Net assets of the Group are not distributable to its founders neither in ordinary course of business not at liquidation.

Accumulated result includes all current and prior period retained results.

4.13 Grants and donations

Unrestricted donations are available for the general purposes as set out in Group's governing documents. Therefore, donations classified as unrestricted funds are recognized as revenue when become receivable.

Grants are received for particular purpose and are not available for general use of the Group. These grants are not recognized until there is reasonable assurance that the Group 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 endowment funds in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other grants are recognized as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis. Grants that are receivable as compensation for expenses or losses already incurred with no future related costs are recognized in profit or loss in the period in which they become receivable.

Unrestricted donations are available for the general purposes as set out in Group's governing documents. Therefore, donations classified as unrestricted funds are recognized as revenue when become receivable.

4.14 Provisions

A provision is recognized in the Consolidated statement of financial position when the Group has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.15 Income taxes

Current tax

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

Deferred tax

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

4.16 Cash and cash equivalents

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

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

4.17 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 (health insurance).

When employees render services to the Group during the accounting period, the Group 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 Group 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 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 make the payments.

4.18 Significant management judgement in applying accounting policies and estimation uncertainty

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Useful lives of property and equipment

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

Leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest, that the Group 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 incremental borrowing rate therefore reflects that the Group would have to pay which requires estimation when no observable rates are available. The Group estimates the incremental borrowing rate using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates.

4.17.1 Critical judgments in applying accounting policies

The following are the judgements made by management in applying the accounting policies of the Group 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 is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in tax environment.

Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew.

5 Income from restricted and unrestricted funds

Restricted income funds arise from donations received for particular purposes, which are not available for general use of the Group. Resources received from restricted and unrestricted funds and their further use is summarized below:

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

	2024	2023
Donations received including from:		
Armenian companies	108,346	54,553
Foreign companies	943,513	601,447
Individuals	6,392	74,981
	1,058,251	**730,981**
Opening balance	1,733	-
Transferred to endowment funds	(6,522)	(13,000)
Income recognised	(1,053,462)	(716,248)
Balance at the end of year	**-**	**1,733**

6 Administrative expenses

	2024	2023
Staff costs	116,830	136,716
Depreciation and amortization	41,410	48,895
Business trip and representative expenses	52,768	63,480
Office supplies and utility costs	15,350	17,921
Professional services	15,242	21,904
Banking and insurance expenses	12,728	12,879
Apartment rent costs	6,984	13,968
Conversion costs	4,382	5,407
Website maintenance and online platforms costs	8,793	17,583
Public relations and marketing expenses	9,351	6,635
Post and communication expenses	3,725	3,642
Other	27,548	23,083
	315,111	**372,113**

7 Project expenses

	2024	2023
Staff costs	168,659	172,612
Depreciation and amortization	14,693	17,585
Professional fees and contract services	104,150	27,509
Event organization expenses	2,412	2,584
Funds donated to third parties	224,601	165,318
Travelling expenses	2,784	9,259
Public relations and marketing expenses	1,469	14,893
Laboratory supplies and equipment	22,791	7,481
Other	2,942	3,638
	544,501	**420,879**

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

8 Fundraising expenses

	2024	2023
Staff costs	174,428	149,764
Event organization expenses	59,211	29,494
Professional fees and contract services	23,858	2,649
Public relations and marketing expenses	16,832	4,276
Travelling expenses	23,446	26,708
Other	1,977	6,294
	299,752	**219,185**

9 Property and equipment

	Machinery and equipment	Vehicles	Office equipment	Other	Right-of-use assets	Total
Cost						
Balance at 1 January 2023	174,496	19,898	74,270	49,472	143,136	461,272
Additions	200	-	7,904	14,033	104,984	127,121
Disposals	(47,513)	-	-	(9,816)	-	(57,329)
Disposal from discontinued operations	(140)	-	-	(9,153)		(9,293)
Balance at 31 December 2023	**127,043**	**19,898**	**82,174**	**44,536**	**248,120**	**521,771**
Additions	-	-	1,831	2,504	-	4,335
Balance at 31 December 2024	**127,043**	**19,898**	**84,005**	**47,040**	**248,120**	**526,106**
Accumulated depreciation						
Balance at 1 January 2023	72,571	10,008	31,492	15,413	140,145	269,629
Charge for the year	21,594	1,978	7,195	15,246	23,989	70,002
Eliminated on disposal	(28,798)	-	-	(2,549)	-	(31,347)
Eliminated on disposal from discontinued operations	(140)	-	-	(4,756)	-	(4,896)
Balance at 31 December 2023	**65,227**	**11,986**	**38,687**	**23,354**	**164,134**	**303,388**
Charge for the year	11,870	1,977	8,752	11,560	20,997	55,156
Balance at 31 December 2024	**77,097**	**13,963**	**47,439**	**34,914**	**185,131**	**358,544**
Carrying amount						
Balance at 31 December 2023	**61,816**	**7,912**	**43,487**	**21,182**	**83,986**	**218,383**
Balance at 31 December 2024	**49,946**	**5,935**	**36,566**	**12,126**	**62,989**	**167,562**

The cost of fully depreciated property and equipment, that is still in use is drams 196,606 thousand (31 December 2023: drams 179,565 thousand). The right-of-use assets include a leased office, where the main office of the Group is located. The remaining useful life of the leased office as at 31 December 2024 is 36 months. As at the reporting date, there are no restrictions on the Group's property and equipment.

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

10 Financial assets and liabilities

10.1 Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in Note 4.10. The carrying amounts of financial assets and financial liabilities in each category are as follows:

Financial assets

	31 December 2024	31 December 2023
Amortized cost		
Other receivables	1,402	677
Grants receivable	383	-
Cash and cash equivalents	33,500	53,359
Total financial assets at amortized cost	**35,285**	**54,036**

Financial liabilities

	31 December 2024	31 December 2023
Amortized cost		
Accounts payable	11,016	6,440
Lease liabilities	76,486	92,941
Total financial liabilities at amortized cost	**87,502**	**99,381**

11 Cash and cash equivalents

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

	31 December 2024	31 December 2023
Bank accounts, including		
Balances in AMD	3,705	3,375
Balances in USD	28,764	48,200
Balances in EUR	1,031	1,784
Total cash and cash equivalents	**33,500**	**53,359**

Current accounts are held in an Armenian bank with a long-term counterparty risk rating of Ba3.

12 Endowment funds

	2024	2023
Balance at the beginning of year	137,248	195,359
Transferred from restricted and unrestricted funds	6,522	13,000
Income recognized	(34,891)	(71,111)
Balance at the end of year	**108,879**	**137,248**

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

13 Lease liabilities

The weighted average incremental borrowing rate applied to lease liability recognized at the date of initial application is 12%. The carrying amounts of the Group's lease liabilities and the movements during the year are set out below:

	2024	2023
Balance at the beginning of year	92,941	-
Contract modification	-	104,983
Lease payments	(26,465)	(24,177)
Finance charges	10,010	12,135
Balance at the end of year	**76,486**	**92,941**

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

	2024	2023
Current	22,560	18,672
Non-current	53,926	74,269
	76,486	**92,941**

14 Accounts payable

	31 December 2024	31 December 2023
Trade payables	4,029	4,841
Provision for unused vacation days	19,345	27,056
Taxes and duties payable	14,574	-
Other	6,987	1,599
Total trade and other payables	**44,935**	**33,496**

Trade payables are mainly denominated in Armenian drams, are non-interest bearing and are generally on 30-60 days term. The Group has financial risk management policies to ensure that all payables are redeemed within the credit timeframe.

The movements in provision for unused vacation days were as follows:

	2024	2023
Balance at the beginning of year	27,056	23,910
Accrued for the year	18,578	16,734
Extinguished	(26,289)	(13,588)
Balance at the end of year	**19,345**	**27,056**

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

15 Discontinued operations

By the end of 2023, the Board of the Foundation decided to liquidate its subsidiary Advanced Solutions Center CJSC, as it no longer serves its original purpose. As at the date of these consolidated financial statements, the management of the Foundation has material uncertainty regarding the treatment of existing liabilities arising from SAFE agreements.

The Foundation is currently consulting with legal advisors to determine the appropriate legal and financial treatment of these obligations. Once these matters are resolved, the formal liquidation process will be launched.

The subsidiary's property and equipment are fully depreciated and considered unsuitable for sale. The assets of the discontinued operation primarily consist of receivables from the State Budget, which management believes are fully recoverable. Apart from these receivables and cash held in the subsidiary's bank account, the discontinued operation holds no other assets expected to result in economic inflows. The retained assets are intended to be used for settling any obligations or costs that may be incurred in the course of terminating the subsidiary's operations.

Result of Advanced Solutions Center CJSC are summarized as follows:

	2024	2023
Other income	-	10,443
Administrative expenses	(4,589)	(8,748)
Interest expense	-	(3,283)
Income tax recovery	-	2,150
Result from discontinued operations	**(4,589)**	**562**

Carrying amount of assets and liabilities included in the disposal group are summarized as follows:

	31 December 2024	31 December 2023
Property and equipment	-	4,397
Deferred tax assets	2,303	2,303
Intangible assets	59	67
Investments in joint ventures	81	81
Accounts receivable	1,818	1,821
Bank balances	2,911	6,092
Assets classified as discontinued	**7,172**	**14,761**

	31 December 2024	31 December 2023
Financial liabilities from SAFE agreements	33,292	33,292
Liabilities classified as discontinued	**33,292**	**33,292**

16 Related parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Transactions between related parties may not be affected on the same terms, conditions and amounts as transactions between unrelated parties. Management considers that the Group has appropriate procedures in place to identify and properly disclose transactions with related parties.

The Group's related parties include its parent, subsidiaries (for separate financial statements) associates and entities under common control, members of the board (see Note 1) and key management.

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

16.1 Transactions with related parties

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

Transactions with related parties

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

	2024	2023
Donations received	598	71,982
Services rendered	2,716	-
Services received	35,183	2,511

There were no outstanding balances as at the reporting dates.

Transactions with management and close family members

Key management received the following remuneration during the year, which is included in administrative and project expenses.

	2024	2023
Salaries and bonuses	211,540	216,887
Other reimbursement	7,484	13,968

Outstanding balances	31 December 2024	31 December 2023
Provision for unused vacation days	3,305	12,526

17 Contingent liabilities

17.1 Taxes

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

These facts may create tax risks in Armenia substantially more than in other developed countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant.

17.2 Environmental matters

Management is of the opinion that the Group has met the Government's requirements concerning environmental matters and, therefore, believes that the Group does not have any current material environmental liabilities. However, environmental legislation in Armenia is in process of development and potential changes in the legislation and its interpretation may give rise to material liabilities in the future.

18 Financial instruments risk

Risk management objectives and policies

The Group is exposed to certain foreign currency exchange, credit, interest rate, and liquidity risks. The Group receives grants from foreign donors in foreign currencies and incurs expenses in currencies other than its functional currency, thus it is exposed to foreign currency exchange risk arising from fluctuations in currency exchange rates.

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

The Group does not have significant exposure to liquidity risk as it has substantial unrestricted cash resources which are replenished from the ongoing grants and donations. The Group's investment policy ensures that its investments are held primarily in liquid short-term deposits.

18.1 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from both its operating and investing activities.

Foreign currency risk

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

Most of the Group's transactions are carried out in Armenian drams. Exposures to currency exchange rates arise from the Group's donations received in foreign currency, which are primarily denominated in USD and Euro.

The Group manages this risk by holding its balances in different currencies.

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

If Armenian dram had strengthened against US dollar by 10% (2023: 10%) then the result of the year would have decreased by drams 2,876 thousand (2023: drams 4,769 thousand)

18.2 Credit risk analysis

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from financial assets, including cash and cash equivalents and short-term deposits held at bank.

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

18.3 Liquidity risk analysis

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

The Group'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 payments when those become due.

2024	Non-interest bearing	Lease liability	Total
Weighted average effective interest rate (12%)			
Less than 6 months	4,029	14,015	18,044
6 months to 1 year	5,803	14,015	19,818
1-5 years	13,542	63,364	76,906
	23,374	**91,394**	**114,768**

2023	Non-interest bearing	Lease liability	Total
Weighted average effective interest rate (12%)			
Less than 6 months	4,841	13,298	18,139
6 months to 1 year	8,117	13,298	21,415
1-5 years	18,939	89,178	108,117
	31,897	**115,774**	**147,671**