

“Arinterlev” CJSC

Annual Financial Statements
and
Independent Auditor’s
report

For the year ended 31 December 2024

August 2025

Yerevan

“Arinterlev” CJSC
Annual Financial Statements and Independent Auditor’s
Report for the year ended 31 December 2024

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Country of incorporation of Company:	Republic of Armenia
Legal form:	Closed Joint Stock Company
Principal activities:	Principal activities are presented in Note 1
General Director:	Levon Altunyan

INDEPENDENT AUDITOR'S REPORT

To the shareholders of “Arinterlev” CJSC

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 Company in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards) (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 the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter-Assessment of indicators of impairment for property, plant and equipment, and related CGUs

Assessment of indicators of impairment for property, plant and equipment (including leasehold improvements)

The assessment of whether indicators of impairment exist was a key area of judgment for management. In 2024 the Company entered a ramp-up phase by opening two new outpatient clinics in Yerevan and introducing inpatient services for the first time. This required significant capital investment and financing, while utilisation was initially below capacity and the year closed with a net loss. Determining whether an impairment indicator exists—and, if so, the recoverable amount—is inherently uncertain and depends on multiple assumptions and factors.

Key areas of judgment include external and internal indicators such as developments in the technological, economic and legal environment; conditions in the secondary market for medical equipment and in the real-estate market relevant to leasehold improvements; movements in local borrowing rates; evidence of obsolescence or physical damage; asset utilisation (including potential idleness), plans to discontinue or restructure operations, changes in expected useful lives; and budget-to-actual performance. We also considered that the Company was not listed at year-end and that a bond issuance occurred in 2025 as a subsequent event.

Our procedures in this area included:

- Reading management's impairment-indicator assessment and the ramp-up plans for the Nansen and Kochar clinics.
- Assessing external factors: trends in the secondary market for machinery/equipment, real-estate conditions for leasehold improvements, the wider technological/economic/legal environment, and changes in local corporate borrowing rates.
- Inspecting for signs of obsolescence or physical damage and evaluating asset utilisation, including whether any significant assets were idle.
- Analysing budget-to-actual results and the drivers of the 2024 loss (rental, utilities, pre-operational staffing and training, financing costs on new borrowings and lease arrangements, and higher depreciation/amortisation).
- Evaluating key assumptions in forecasts for the clinics' ramp-up and performing high-level sensitivity analyses to consider whether reasonably possible changes would indicate impairment.

Key observations:

Based on the procedures performed, we observed: (i) no adverse changes in the technological, economic or legal environment; (ii) no observable decline in the secondary market for machinery/equipment; (iii) no significant change in local borrowing rates that would materially affect value-in-use considerations; and (iv) no evidence of obsolescence, physical damage or changes in intended use. The 2024 loss was consistent with the planned expansion and early-stage utilisation of the new clinics. No impairment indicators were identified as at 31 December 2024.

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

Reasonable assurance is a high level of assurance, but is not a guaranty 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 Company'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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.




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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or, when in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Vahagn Sahakyan, FCCA
Managing Partner



Sergey Yakovlev, FCCA
Engagement Partner

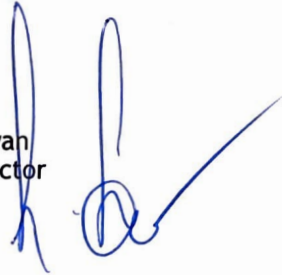
BDO Armenia CJSC
21 August 2025

“Arinterlev” CJSC
Statement of profit and loss and other comprehensive income
for the year ended 31 December 2024

	Note	2024 AMD'000	2023 AMD'000
Revenue	5	4,469,756	3,563,322
Cost of sales	6	(3,194,426)	(2,271,592)
Gross profit		1,275,330	1,291,730
Administrative expenses	6	(1,215,717)	(860,673)
Distribution expenses	6	(103,568)	(88,958)
Other income		134,593	51,331
Other expenses	6	(271,782)	(109,100)
(Loss)/profit from operations		(181,144)	284,330
Finance income		50,607	11,584
Finance cost		(330,955)	(187,033)
Foreign exchange gain/(loss), net		46,940	(35,621)
(Loss)/profit before tax		(414,552)	73,260
Income tax reimbursement/(expense)	7	52,234	(41,536)
(Loss)/profit for the year		(362,318)	31,724
Total comprehensive (loss)/income		(362,318)	31,724

The financial statements as set out on pages 7 to 40 were signed on behalf of the Company management on 21 August 2025.

Levon Altunyan
General Director




Lusine Avetisyan
Chief Accountant



“Arinterlev” CJSC
Statement of financial position
as of 31 December 2024

	Note	2024 AMD'000	2023 AMD'000	2022 AMD'000
Assets				
Non-current assets				
Property, plant and equipment	11	2,919,792	1,423,275	865,984
Intangible assets	12	106,669	121,338	42,563
Deferred tax asset	13	99,076	46,842	23,310
Right of use assets	16	1,648,258	1,685,736	1,050,844
Prepayments relating to non-current assets		8,758	540,018	17,025
		<u>4,782,553</u>	<u>3,817,207</u>	<u>1,999,726</u>
Current assets				
Cash and cash equivalents	8	24,516	30,261	91,958
Bank deposits		-	-	174,073
Borrowings provided		1,850	7,930	878
Inventories	9	129,704	117,228	106,669
Trade and other receivables	10	412,588	218,368	107,782
		<u>568,658</u>	<u>373,787</u>	<u>481,360</u>
Total assets		<u>5,351,211</u>	<u>4,190,994</u>	<u>2,481,086</u>
Equity				
Share capital		998,475	998,475	108,599
Accumulated (loss)/profit		(227,823)	134,495	267,769
Additional paid-in capital		54,150	54,150	-
Reserve and surplus		21,396	21,396	-
Total equity		<u>846,198</u>	<u>1,208,516</u>	<u>376,368</u>
Liabilities				
Non-current liabilities				
Loans	15	744,275	286,360	68,278
Lease liabilities	16	1,549,631	1,477,079	844,954
Refund liability	17	158,408	-	-
Credit letter	15	-	-	91,076
Grants relating to income		690	322	369
		<u>2,453,004</u>	<u>1,763,761</u>	<u>1,004,677</u>
Current liabilities				
Trade and other payables	14	954,160	548,682	822,417
Loans	15	664,343	258,639	49,178
Lease liabilities	16	310,961	304,996	205,890
Refund liability	17	58,757	-	-
Other liabilities		63,788	-	-
Credit letter	15	-	100,411	-
Grants relating to income		-	735	1,340
Income tax liability		-	5,254	21,216
		<u>2,052,009</u>	<u>1,218,717</u>	<u>1,100,041</u>
Total liabilities		<u>4,505,013</u>	<u>2,982,478</u>	<u>2,104,718</u>
Total equity and liabilities		<u>5,351,211</u>	<u>4,190,994</u>	<u>2,481,086</u>

Arinterlev CJSC
Statement of cash flows
for the year then ended 31 December 2024

	2024 AMD'000	2023 AMD'000	2022 AMD'000
Cash flows from operating activities			
Cash received from medical services	4,354,113	3,263,492	2,505,718
Cash received from sales of medicine	340,899	279,517	201,186
Received interest	321	730	487
Other receipts	41,866	2,747	488
	<u>4,737,199</u>	<u>3,546,486</u>	<u>2,707,879</u>
Payments for supply of medicine and other materials	(575,606)	(571,956)	(464,311)
Payments for services	(591,072)	(573,998)	(470,293)
Payments to employees and on their behalf	(1,852,800)	(1,273,511)	(845,126)
Payments of income tax	(5,254)	(81,807)	(154,236)
Payments of tax, other than income tax	(715,203)	(465,473)	(291,556)
Donated assets	(14,369)	(3,112)	(2,337)
Other payments	(59,500)	(21,238)	(18,960)
	<u>(3,813,804)</u>	<u>(2,991,095)</u>	<u>(2,246,819)</u>
Net cash flows from operating activities	923,395	555,391	461,060
Cash flows from investing activities			
Payments for sales of non-current assets	9,209	-	-
Payments for acquisition of non-current assets	(783,430)	(974,250)	(266,419)
Deposits repaid, net	-	160,000	50,000
Deposit interest	-	24,928	7,664
Borrowings (provided) /repaid, net	(458)	(10,300)	990
	<u>(774,679)</u>	<u>(799,622)</u>	<u>(207,765)</u>
Net cash flows used in investing activities	(774,679)	(799,622)	(207,765)
Cash flows from financing activities (note 15)			
Loans received	718,970	100,000	19,373
Payments of loans principal amounts	(426,082)	(83,111)	(78,988)
Payments of lease liabilities	(276,203)	(205,890)	-
Payments of loans and credit letter interest	(78,764)	(22,411)	(6,896)
Payments of credit letter	(92,602)	-	-
Payments received from issuance of common stock	-	963,017	-
Dividend payments	-	(568,961)	(150,921)
	<u>(154,681)</u>	<u>182,644</u>	<u>(217,432)</u>
Net cash flows (used in)/from financing activities	(154,681)	182,644	(217,432)
Net (decrease) in cash and cash equivalents	(5,965)	(61,587)	35,863
Exchange gains/(losses) on cash and cash equivalents	220	(110)	(448)
Cash at the beginning of the year	30,261	91,958	56,543
Cash at the end of the year (Note 8)	24,516	30,261	91,958

Arinterlev CJSC
Statement of changes in equity
for the year ended 31 December 2024

	Share capital	Accumulated (loss)/profit	Additional paid-in capital	Reserve and surplus	Total
	AMD'000	AMD'000	AMD'000	AMD'000	AMD'000
As of 31 December 2023	998,475	134,495	54,150	21,396	1,208,516
Loss for the year	-	(362,318)	-	-	(362,318)
As of 31 December 2024	998,475	(227,823)	54,150	21,396	846,198
As of 31 December 2022	108,599	267,771	-	-	376,370
Profit for the year	-	31,724	-	-	31,724
Dividends	-	(165,000)	-	-	(165,000)
Addition	889,876	-	54,150	21,396	965,422
As of 31 December 2023	998,475	134,495	54,150	21,396	1,208,516

Arinterlev CJSC
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for the year ended 31 December 2024

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Arinterlev CJSC
Notes forming part of the financial statements
for the year ended 31 December 2024

1. General information

“Arinterlev” limited liability company (Company) was founded in October 2003 and was reorganized to closed joint-stock company in July 2023.

The Company is an innovative healthcare provider operating under the brand name “Vardanants Center for Innovative Medicine”, offering wide range of medical services not requiring hospitalization (outpatient services) for beneficiaries of insurance companies, beneficiaries included in various government programs, as well as patients who pay themselves (out-of-pocket).

In addition to outpatient services, the Company has also started providing inpatient services (surgical and other new services) in a new branch (Nor Nork-Nansen) starting from 15 December 2024.

The company’s activities revolve around the following licenses:

License N	Aim	Issuer	Issue date	Expiration date
Կ-ՔՕ-002356	Childrens' Neurological and Anesthesiological services	Ministry of Health of RA	19.12.2017	Indefinite
Կ-ՔՕ-001813	Delivery of dentistry services	Ministry of Health of RA	05.04.2013	Indefinite
Կ-ՔՕ-002357	Provision of neurological services	Ministry of Health of RA	19.12.2017	Indefinite
Կ-ՔՕ-002521	Provision of Radiation Diagnostic Services	Ministry of Health of RA	07.03.2019	Indefinite
Կ-ՔՕ-002536	General Medical Practice	Ministry of Health of RA	18.04.2019	Indefinite
Կ-ՔՕ-002789	Oncology, resuscitation, palliative and reproductive services	Ministry of Health of RA	06.11.2020	Indefinite
Կ-ՔՕ-002932	General Medical Practice, Functional diagnostic, Laboratory diagnostic services	Ministry of Health of RA	23.06.2021	Indefinite
Կ-ՔՕ-003023	Provision of mobile diagnostic services	Ministry of Health of RA	09.09.2021	Indefinite
Կ-ՔՕ-003064	Laboratory Diagnostic-Mobile Sampling Service	Ministry of Health of RA	26.10.2021	Indefinite
Կ-ՔՕ-003128	General Medical Practice, Functional diagnostic, Laboratory diagnostic services	Ministry of Health of RA	21.01.2022	Indefinite
Կ-ՔՕ-003169	Provision of Radiation Diagnostic (CT) Services	Ministry of Health of RA	21.03.2022	Indefinite
Կ-ՔՕ-003185	Physiotherapy services	Ministry of Health of RA	06.04.2022	Indefinite
Կ-ՔՕ-003227	Cardiology services	Ministry of Health of RA	13.06.2022	Indefinite
Կ-ՔՕ-003228	Radiation Diagnostic ultrasound, portable ultrasound, clinical, medicine services	Ministry of Health of RA	13.06.2022	Indefinite
Կ-ՔՕ-003245	Dermatology, Pediatric Cardiology Services	Ministry of Health of RA	13.07.2022	Indefinite
Կ-ՔՕ-003246	Portable Functional Diagnostic Services	Ministry of Health of RA	13.07.2022	Indefinite

Arinterlev CJSC
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4-PO-003247	Pediatric Ophthalmology, Portable Ophthalmology, Pediatric Portable Ophthalmology Services	Ministry of Health of RA	13.07.2022	Indefinite
4-PO-003312	Gynecological services	Ministry of Health of RA	04.10.2022	Indefinite
4-PO-003358	Laboratory Diagnostic, Rehabilitation services	Ministry of Health of RA	08.12.2022	Indefinite
4-PO-003439	Rehabilitation Services	Ministry of Health of RA	07.03.2023	Indefinite
4-PO-003472	Clinical medicine, Neurological, Dermatological, Endocrinological, Immunological, Cardiological, Rheumatological, Functional, Diagnostic, General Medical Services	Ministry of Health of RA	18.05.2023	Indefinite
4-PO-003502	Pediatric General Practice, General Surgery, Otolaryngology, Pediatric Otolaryngology Service	Ministry of Health of RA	23.06.2023	Indefinite
4-PO-001728	Pharmacy operation	Ministry of Health of RA	11.04.2024	Indefinite
6UO-546-2013	Use of generative radiation sources	RA Nuclear Safety Regulation Committee	20.07.2023	11.04.2028
6UO-628-2019	Use of generative radiation sources	RA Nuclear Safety Regulation Committee	20.07.2023	24.06.2029
5UL-379-2021	Activities of individuals occupying important positions in the field of atomic energy use from the point of view of ensuring safety	RA Nuclear Safety Regulation Committee	20.07.2023	27.12.2031
4-PO-003673	Medical Services in the Fields of Stomatology, Pediatrics	Ministry of Health of RA	31.01.2024	Indefinite
4-PO-003674	Family Medicine	Ministry of Health of RA	31.01.2024	Indefinite
4-PO-000009	Outpatient Radiological Diagnostics (Mobile X-ray), Daytime Inpatient Services in Pediatrics and General Medical Practice	Ministry of Health of RA	01.07.2024	01.07.2029
4-PO-000047	Outpatient	Ministry of Health of RA	25.07.2024	25.07.2029
4-PO-000062	Outpatient Services in Otorhinolaryngology, Pediatric Otorhinolaryngology, Pediatric Neurology, Urology, Physiotherapy (Electrotherapy, Phototherapy)	Ministry of Health of RA	12.08.2024	12.08.2029
4-PO-000126	Inpatient Services in Perinatal Surgery, General Surgery, Otorhinolaryngology, Urology, Anesthesiology, Resuscitation (Intensive	Ministry of Health of RA	07.10.2024	07.10.2029

Arinterlev CJSC
Notes forming part of the financial statements
for the year ended 31 December 2024

	Care), Epidemiology, Clinical Pharmacology			
Կ-ՔՕ-000168	Interventional Cardiology	Ministry of Health of RA	15.11.2024	15.11.2029
Կ-ՔՕ-003547	Nephrological, childrens' Nephrological services	Ministry of Health of RA	30.08.2023	Indefinite
Կ-ՔՕ-003646	Clinical medicine, urology, pediatric, general surgery, dermatological, neurological, general medical services	Ministry of Health of RA	27.12.2023	Indefinite
Կ-ՔՕ-003658	Pediatric General Practice and General Surgery	Ministry of Health of RA	12.01.2024	Indefinite
Կ-ՔՕ-003659	Psychology	Ministry of Health of RA	27.12.2023	Indefinite

Company's current charter was registered on the 10 July 2023 by the state registry of legal entities of the Republic of Armenia, the registration number is: 286. 120. 1328990, certificate: 03 A 062168.

In 2024, the Company had on average 498 employees, and 320 employees in 2023.

As of 31.12.2024 the list of the Company's shareholders is as following:

Intelligent Management LLC - 61.94%
EU-ARMENIAN SME FUND SCSP - 26.76%
Norayr Altunyan - 9.3%
Masis Vardanyan - 1%
Tigran Pinajyan - 1%

The company operates in Yerevan at 18/1 Vardanants street 51, 53 buildings, 35/1 Hrachya Kochar street, 38 Demirchyan street, Gayi avenue 10/7,12,13,14,15, Komitas Avenue 49, building 3, in Vanadzor on 2 Taterakan street, and in Sevan on 169 Nairyan street.

Armenian business environment

The Company undertakes its operations in Armenia. Accordingly, the company's operations are affected by the economic and financial markets of Armenia.

Legal, tax, and legislative systems continue to develop, subject to several interpretations and frequent changes, which among other legal and financial obstacles creates additional complications for organizations operating in Armenia.

On February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries-imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

The level of business activity in the Russian Federation also has a significant impact on the economic environment of the Republic of Armenia, as there are significant flows of funds from the Russian Federation to the Republic of Armenia. Therefore, the political tension in the region, international sanctions, stock market instability, acute inflation and other risks facing the Russian Federation may have a negative impact on the RA economy.

Arinterlev CJSC
Notes forming part of the financial statements
for the year ended 31 December 2024

The Armenian economy has successfully weathered the current global turbulence and managed to record impressive macroeconomic indicators in both 2024 and 2023, mainly due to tourism, the relocation of a number of companies to Armenia, and a significant increase in remittances. All of the above factors led to an 8.0% GDP growth in January-December 2024. The government's 2021-2026 economic program aims to develop an export-oriented and investment-led growth model through large-scale reform efforts.

Such an environment has a significant impact on the Company's operations and its financial situation. The Company undertakes the necessary activities to ensure the stability of its operations. Nevertheless, given the unpredictable nature of events, the Management does not have the ability to give a reliable assessment of the impact such circumstances will have on the company's financial position for the coming years.

The future effects of the current economic situation and the actions to be taken by the Government are difficult to predict, and the Company's management's current expectations and estimates may differ from the actual results.

2. Basis of preparation

First-time Adoption of IFRS

These financial statements are the first that the Company has prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Previously, the Company prepared its financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). The Company has applied IFRS 1 First-time Adoption of International Financial Reporting Standards in preparing these financial statements.

The date of transition to IFRS is 31 December 2022. The Company has applied the requirements of IFRS 1 in preparing an opening IFRS statement of financial position as of that date. The transition to IFRS has been made retrospectively, except for certain optional exemptions and mandatory exceptions permitted by IFRS 1. The accounting policies set out in these financial statements have been applied consistently in preparing the financial statements for the year ended 31 December 2024, the comparative information presented for the years ended 31 December 2023 and 2022, and in the preparation of the opening IFRS statement of financial position at the date of transition.

In accordance with IFRS 1, the Company has elected to apply the following exemptions:

- The Company has applied the exemption in IFRS 1 paragraph D9B relating to leases. Under this exemption, the Company applied IFRS 16 Leases at the date of transition (1 January 2022) without restating prior periods. Lease liabilities were measured at the present value of remaining lease payments using the lessee's incremental borrowing rate at the date of transition, and right-of-use assets were measured at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments.
- Deferred taxes have been recognized on all transition adjustments in accordance with IAS 12 Income Taxes.

Arinterlev CJSC
Notes forming part of the financial statements
for the year ended 31 December 2024

The effect of the transition on the Company's equity and comprehensive income for FY 2023 is presented in the following reconciliations.

	IFRS for SMEs balance AMD'000	Adjustment AMD'000	Full IFRS balance AMD'000
As of 31 December 2023			
Lease liabilities	-	(1,782,075)	(1,782,075)
Accumulated (loss)/profit	(189,634)	55,139	(134,495)
Property, plant and equipment	1,399,416	23,859	1,423,275
Deferred tax asset	29,501	17,341	46,842
Right of use assets	-	1,685,736	1,685,736
Total	1,239,283	-	1,239,283

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRS Accounting Standards).

b) Going concern

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The principal accounting policies adopted in the preparation of the financial statements are set out in Note 21. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in national currency of the Republic of Armenia, Armenian Dram (AMD), which is also the company's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

As of the transition date, the Company has recognized all assets and liabilities in accordance with the requirements of IFRSs.

The preparation of financial statements in compliance with adopted IFRS accounting standards requires the use of certain critical accounting estimates and judgments. It also requires Company management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

Basis of measurement

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

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2024

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (the Amendments). These Amendments arose

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as a result of a submission received by the IFRS Interpretations Committee (the Committee) about the presentation requirements for liabilities and associated cash flows arising out of supply chain financing arrangements and related disclosures. In December 2020, the Committee published an Agenda Decision Supply Chain Financing Arrangements—Reverse Factoring that addressed this submission based on the requirements in IFRS Accounting Standards existing at that time. During this process, the feedback from stakeholders indicated limitations of the then existing requirements to address important information needs of users to understand the effects of supplier finance arrangements on an entity's financial statements and to compare one entity with another.

In response to this feedback, the IASB undertook a narrow scope standard setting, leading to the Amendments. The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements.

Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)

The IFRS Interpretations Committee issued an agenda decision in June 2020 - Sale and leaseback with Variable Payments. This matter was referred to the IASB for standard setting for some aspects. The IASB issued the final amendments in September 2022.

The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)

The IASB issued amendments to IAS 1 - Classification of Liabilities as Current or Non-current in January 2020, which have been further amended partially by amendments Noncurrent Liabilities with Covenants issued in October 2022. The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.

As a result of the COVID-19 pandemic, the Board deferred the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2024.

Non-current Liabilities with Covenants (Amendment to IAS 1)

Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period.

The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

These amendments had no impact on the financial statements of the Company

b) New standards and amendments to IFRSs issued but not yet effective.

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A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Lack of Exchangeability (Amendment to IAS 21)

On 15 August 2023, the IASB issued Lack of Exchangeability which amended IAS 21 The Effects of Changes in Foreign Exchange Rates (the Amendments). The Amendments arose as a result of a submission received by the IFRS Interpretations Committee about the determination of the exchange rate when there is a long-term lack of exchangeability. IAS 21, prior to the Amendments, did not include explicit requirements for the determination of the exchange rate when a currency is not exchangeable into another currency, which led to diversity in practice. The Committee recommended that the IASB develop narrow-scope amendments to IAS 21 to address this issue. After further deliberations, the IASB issued an exposure draft of the proposed amendments to IAS 21 in April 2021 and the final amendments were issued in August 2023. The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

The following changes will enter into force for the period starting on 1 January 2026.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In response to matters that had been raised to the IFRS Interpretations Committee as well as matters that arose during the post-implementation review of classification and measurement requirements of IFRS 9 Financial Instruments, in May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments. The Amendments modify the following requirements in IFRS 9 and IFRS 7:

Derecognition of financial liabilities

- Derecognition of financial liabilities is settled through electronic transfers.

Classification of financial assets

- Elements of interest in a basic lending arrangement (the solely payments of principal and interest assessment - 'SPPI test')
- Contractual terms that change the timing or amount of contractual cash flows
- Financial assets with non-recourse features
- Investments in contractually linked instruments.

Disclosures

- Investments in equity instruments designated at fair value through other comprehensive income
- Contractual terms that could change the timing or amount of contractual cash flows.

The Amendments may significantly affect how entities account for the derecognition of financial liabilities and how financial assets are classified. The Amendments permit an entity to early adopt only the amendments related to the classification of financial assets and the related disclosures and apply the remaining amendments later. This would be particularly useful to entities that wish to apply the Amendments early for financial instruments with ESG (Environmental, Social and Governance)-linked or similar features.

Annual Improvements to IFRS Accounting Standards

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Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard, or correct relatively minor unintended consequences, oversights or conflicts between requirements of the Accounting Standards. The proposed improvements are packaged together in one document. This cycle of annual improvements addresses the following:

- Hedge Accounting by a First-time Adopter (Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards)
- Disclosure of Deferred Difference between Fair Value and Transaction Price Amendments to Guidance on implementing IFRS 7)
- Gain or Loss on Derecognition (Amendments to IFRS 7)
- Introduction and Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7)
- Derecognition of Lease Liabilities (Amendments to IFRS 9)
- Transaction Price (Amendments to IFRS 9)
- Determination of a 'De Facto Agent' (Amendments to IFRS 10)
- Cost Method (Amendments to IAS 7).

The final amendments were issued in July 2024.

The following changes will enter into force for the period starting on 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements and is mandatorily effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18, which was published by the IASB on 9 April 2024, sets out significant new requirements for how financial statements are presented, with particular focus on:

- The statement of profit or loss, including requirements for mandatory sub-totals to be presented. IFRS 18 introduces requirements for items of income and expense to be classified into one of five categories in the statement of profit or loss. This classification results in certain sub-totals being presented, such as the sum of all items of income and expense in the operating category comprising the new mandatory 'operating profit or loss' sub-total.
- Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.
- Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards with adjustments made (e.g. 'adjusted profit or loss'). Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS Accounting Standards. The aim of the IASB in publishing IFRS 18 is to improve comparability and transparency of companies' performance reporting. IFRS 18 has also resulted in narrow changes to the statement of cash flows.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On 9 May 2024, the International Accounting Standards Board (IASB) issued IFRS 19 Subsidiaries without Public Accountability: Disclosures. Stakeholders have asked the IASB to permit a subsidiary reporting to a parent applying IFRS Accounting Standards in its consolidated financial statements to apply IFRS Accounting Standards with reduced disclosure requirements in its own financial statements. Considering this feedback, the IASB added a project to its research pipeline to provide reduced disclosure requirements for subsidiaries without public accountability. The project has culminated in the issuance of IFRS 19, which permits eligible subsidiaries to apply reduced disclosure requirements while applying the recognition, measurement and presentation requirements in IFRS Accounting Standards. For example, under IFRS 19, an entity that has transactions within the scope of IFRS 2 Share-based Payment would not apply the disclosure requirements in IFRS 2.44-52, which are extensive. Instead, an entity would disclose only the information contained in paragraphs 31-34 of IFRS 19, which include a description of share-based payment arrangements, the number and weighted average exercise prices of

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share options, how an entity measures the fair value of equity settled share-based payment transactions and other general information about transactions in the scope of IFRS 2. As an indication of the scope of the reduction in disclosure requirements, IFRS 2 currently contains 991 words in its disclosure requirements, whereas IFRS 19 contains only 250 words relating to IFRS 2 disclosures. The eligibility criteria for an entity to apply IFRS 19 are:

- The entity is a subsidiary (as defined in Appendix A of IFRS 10 Consolidated Financial Statements);
- The entity does not have public accountability; and
- The entity has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity has public accountability if:
 - Its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market; or
 - It holds assets in a fiduciary capacity for a broad Company of outsiders as one of its primary businesses outsiders as one of its primary businesses.

3. Significant accounting estimates and judgements

The Company makes certain assumptions about future periods. Evaluations and judgments are constantly reviewed based on historical experience and other factors, as well as reasonable expectations of future events. Nevertheless, the actual experience may differ from the evaluations and assumptions that have been made. Attached below are those evaluations and assumptions that pose significant risks, because in the next financial year they may cause essential corrections in the calculated values of assets and liabilities.

Estimates, assumptions and judgements

Useful life of Property and equipment- Note 21

The useful life of property and equipment is based on the evaluation of how long it will be used (as opposed to its technical date). The evaluation of the useful life of property and equipment is a matter of judgement, which is based on the evaluation of similar assets. Management evaluates the remaining useful life according to the current technical state of the assets and the evaluated period during which assets are expected to provide economic benefits for the organization. If the actual useful life for property and equipment differs from the evaluations, financial statements may vary significantly.

Allowance on trade receivables (bad debt)

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company calculates allowance for trade receivables based on long-term counterparty risk rating, and the allowance for loans given, based on sectoral PD per Moody's.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Net realizable value (NRV) of the inventories

As of the reporting date, the Company evaluates whether net realizable value of its inventory is less than its cost, and under such circumstances it reduces the cost of the inventory till the net realizable value.

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The valuations are based on a study of the circumstances after the reporting date, as well as the management expectations regarding the possible changes in the market in the near future.

Going concern

The financial statements of the Company are prepared on the basis of the going concern principle, which provides for the continuation of ordinary activities, sale of assets and repayment of obligations in the ordinary course of business.

The management assumes that it will continue its activities in accordance with the principle of going concern, and in making such a judgment, the management has taken into account the current intentions and financial position of the Company.

After making assessments, the Company's management has a reasonable expectation that the Company is able to continue its operational existence in the foreseeable future. The Company, therefore, continues to adopt the going concern basis in preparing its financial statements, therefore these financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

Lease

The determination of lease term for some lease contracts in which the Company is a lessee, including whether the Company is reasonably certain to exercise lessee options (note 16).

The determination of the incremental borrowing rate used to measure lease liabilities (note 16).

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes that the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Judgements

Fair value measurement

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- *Level 1:* Quoted prices in active markets for identical items (unadjusted)

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- *Level 2:* Observable direct or indirect inputs other than Level 1 inputs
- *Level 3:* Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The fair value of the Company's financial assets and liabilities classified as amortized cost does not materially differ from the carrying amount.

4. Financial instruments - Risk Management

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or interest risk on cash flows
- Foreign currency risk
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The primary objectives of the financial risk management function are to establish risk limits and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimize operational and legal risks.

There have been no significant changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables
- Lease liability
- Loans
- Borrowings provided
- Bank deposits

(ii) Financial instruments by category

The balances presented in the financial statements relate to the following Companies of assets and liabilities:

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Financial assets

Financial assets at amortized cost

	2024 AMD'000	2023 AMD'000	2022 AMD'000
Trade and other receivables	281,464	166,464	106,966
Cash and cash equivalents	24,516	30,261	91,958
Borrowings provided	1,850	7,930	878
Bank deposits	-	-	174,073
Total financial assets	307,830	204,655	373,875

Financial liabilities

Financial Liabilities at amortized cost

	2024 AMD'000	2023 AMD'000	2022 AMD'000
Lease liabilities	1,860,592	1,782,075	1,050,844
Loans	1,408,618	544,998	117,456
Trade and other payables	544,683	260,609	171,824
Credit letter	-	100,411	91,076
Total financial liabilities	3,813,893	2,688,093	1,431,200

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, lease liabilities, loans and credit letters, borrowings provided, bank deposits.

Due to their short-term nature, the carrying value of these financial instruments approximate their fair value.

For details of the fair value hierarchy, valuation techniques, and significant unobservable inputs related to determining the fair value of financial assets and liabilities which are classified in level 3 of the fair value hierarchy, refer to Annex A.

General objectives, policies and processes

The overall objective of the Company is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and effectiveness. Further details regarding these policies are set out below.

Credit risk

Credit risk is a risk of financial losses due to the failure to meet the contractual obligations of the customer or the parties to the financial instrument. The credit risk which the company faces is usually caused by sales through insurance companies.

Credit risks also arise from cash and cash equivalents kept in banks. In this case, only high-ranking financial institutions are acceptable.

Further disclosures of trade and other receivables are outlined in Note 10.

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Cash and deposits in banks

The distribution of cash and bank deposits within trusted banks of the Armenian Republic is as follows:

	2024 AMD'000	2023 AMD'000	2022 AMD'000
Institution A	12,287	9,699	127,550
Institution B	5,512	7,293	91,202
Institution C	768	2,481	32,291
Other	3,022	7,165	10,375
	<u>21,589</u>	<u>26,638</u>	<u>261,418</u>

The company's chief accountant regularly checks the bank ratings. As of the reporting date, no losses are expected as a result of parties' failure to fulfil their responsibilities.

Market risk

The market risk arises from the company's interest bearing, commercial, and foreign exchange financial instruments. Market risk is the risk of fluctuations in the fair value of a financial instrument or future cash flows as a result of changes of interest (interest rate risk), foreign exchange rates (foreign exchange risk) or other market factors (risk of other market factors).

Fair value and interest risk on cash flows

On 23.12.2024 the Company received a loan from Ardshinbank in an amount of EUR 210,400. The loan was for repayment of existing loan and credit letter in the same bank. According to the agreement, the interest rate applied to the loan amount is the bank annual nominal interest rate less 2%; As of the contract date, the bank's nominal interest rates were 10% for AMD, 9.75% for USD, and 9% for EUR. The interest accrued for 2024 was immaterial.

Foreign exchange risk

The foreign currency risk is the risk when fair value of financial instruments or future cash flows fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when the Company's transactions, recognised assets and liabilities are expressed in a currency other than their functional currency.

For assets and liabilities denominated in other currencies, the Company refers to the rates published by the Central Bank of Republic of Armenia as at the reporting date which is presented below (currency unit value expressed in AMD).

	31/12/2024 AMD'000	31/12/2023 AMD'000
1 USD	396.56	404.79
1 EUR	413.89	447.9
1 RUB	3.71	4.5

As of 31 December, the Company's net exposure to foreign exchange risk was as follows:

	2024 AMD'000	2023 AMD'000	2022 AMD'000
Net financial assets/(liabilities) at a foreign currency			
USD	(92,212)	(132,532)	(67,008)
EUR	(1,134,881)	(409,066)	(114,763)
RUB	(321)	2,848	67
	<u>(1,227,414)</u>	<u>(538,750)</u>	<u>(181,704)</u>

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As of the reporting date, Euro's 10% increase against the Armenian dram (if other data remains unchanged) would result in a decrease in the year's profit and net assets at an amount of AMD 113,488 thousand (2023: AMD 40,906 thousand); and the impact of a 10% decrease in the exchange rate would result in an increase in the profit and net assets to the same extent.

The impact of US dollar's increase in the exchange rate would be the decrease in the year's profit and net assets at an amount of AMD 9,221 thousand (2023: decrease by AMD 13,253 thousand); and the impact of a 10% decrease in the exchange rate would result in an increase in the profit and net assets to the same extent.

Liquidity risk

Liquidity risk is that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Management continuously monitors Company's liquidity to ensure required cash flows for operating activities.

The company does not have derivative financial liabilities.

Presented below are the contractual maturities of the company's financial liabilities (not discounted cash flows).

As of 31 December 2024	Up to 3 months AMD'000	3 to 12 months AMD'000	1 to 2 years AMD'000	2 to 5 years AMD'000	More than 5 years AMD'000
Trade and other payables	544,683	-	-	-	-
Loans	119,453	550,077	483,894	284,636	-
Refund liability	-	75,178	100,237	75,178	-
Lease liabilities	81,371	229,590	352,850	1,069,512	1,328,632
Total	745,507	854,845	936,981	1,429,326	1,328,632
As of 31 December 2023	Up to 3 months AMD'000	3 to 12 months AMD'000	1 to 2 years AMD'000	2 to 5 years AMD'000	More than 5 years AMD'000
Trade and other payables	260,609	-	-	-	-
Credit letter	100,411	-	-	-	-
Loans	149,750	111,770	153,095	130,383	-
Lease liabilities	71,764	233,202	329,274	1,076,924	1,673,659
Total	582,534	344,972	482,369	1,207,307	1,673,659
As of 31 December 2022	Up to 3 months AMD'000	3 to 12 months AMD'000	1 to 2 years AMD'000	2 to 5 years AMD'000	More than 5 years AMD'000
Trade and other payables	171,824	-	-	-	-
Credit letter	-	2,696	91,694	-	-
Loans	15,708	37,092	26,004	46,667	-
Lease liabilities	47,183	158,707	303,162	1044,160	2,035,696
Total	234,715	198,495	420,860	1,090,827	2,035,696

Capital risk management

The Company prudently manages its capital structure to ensure its ability to continue as a going concern and to mitigate potential adverse impacts. At the same time, it seeks to maximize stakeholder returns by maintaining an optimal mix of debt and equity.

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The company's capital structure includes loans (current and non-current liabilities) and equity (including share capital and accumulated (losses/profits)).

The company's capital for the current accounting period is summarized below:

	2024	2023	2022
	AMD'000	AMD'000	AMD'000
Loans and credit letter	1,408,618	645,409	208,532
Less: cash and cash equivalents	(24,516)	(30,261)	(91,958)
Net debt	1,384,102	615,148	116,574
Total equity	846,198	1,208,516	376,370
Debt to equity ratio (%)	164%	51%	31%

5. Revenue

Revenue from contracts with the customers is generated from the provision of medical services and the sale of medicine. The services were provided at the company's medical centers, located in Armenia. The revenue has been allocated according to its streams and corresponding compensation sources:

	2024	2023
	AMD'000	AMD'000
Revenue from medical services	4,175,988	3,317,826
Paid by customers	1,846,127	1,456,469
Compensated by insurance companies	1,850,745	1,445,086
Under the state coverage	424,283	377,793
Within the framework of social packages	54,833	38,478
Revenue from the sale of medicine	293,768	245,496
Compensated by insurance companies	173,496	148,793
Paid by customers	100,676	86,138
Under the state coverage	19,596	10,565
	4,469,756	3,563,322
	2024	2023
	AMD'000	AMD'000
Point in time	4,468,607	3,563,322
Over time	1,149	-
	4,469,756	3,563,322

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6. Expenses by nature

	Total		Cost of Sales		Administrative		Distribution		Other	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Payments to employees	2,584,546	1,714,374	1,812,044	1,231,480	710,029	451,896	62,469	30,998	-	-
Depreciation (amortization)	721,127	478,535	591,460	394,891	129,549	83,572	118	72	-	-
Medicine, medical supplies, other material expenses	404,870	350,250	404,870	350,250	-	-	-	-	-	-
Cost of medicine sold	237,482	195,471	237,482	195,471	-	-	-	-	-	-
Office expenses and utilities	189,676	251,095	49,697	16,635	139,979	234,460	-	-	-	-
Lunch expenses	110,480	72,128	-	-	-	-	-	-	110,480	72,128
Expenses under trilateral cooperation agreement	74,545	-	-	-	-	-	-	-	74,545	-
External laboratory services	97,027	78,755	97,027	78,755	-	-	-	-	-	-
Bank and insurance expenses	41,807	27,634	-	-	41,807	27,634	-	-	-	-
Audit and consulting expenses	35,758	24,632	-	-	35,758	24,632	-	-	-	-
Marketing and advertising expenses	33,100	15,663	-	-	-	-	33,100	15,663	-	-
Disposal expenses	27,440	-	-	-	-	-	-	-	27,440	-
Donated assets	19,721	16,745	-	-	-	-	-	-	19,721	16,745
Allowances of receivables	12,591	1,648	-	-	-	-	-	-	12,591	1,648
Business trip and representation expenses	6,308	-	-	-	6,308	-	-	-	-	-
Non-refundable taxes	4,191	2,780	1,645	-	2,546	2,780	-	-	-	-
Other	184,824	100,613	201	4,110	149,741	35,699	7,881	42,225	27,005	18,579
Total	4,785,493	3,330,323	3,194,426	2,271,592	1,215,717	860,673	103,568	88,958	271,782	109,100

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7. Income tax expense

The Company calculates income tax for the current period based on tax accounting data in accordance with the requirements of the Tax code of RA. For the year ended 31 December 2024, the corporate income tax rate was 18% (for year 2023: 18%).

	2024	2023
	AMD'000	AMD'000
Current tax expense	-	65,068
Deferred tax recovery	(52,234)	(23,532)
	(52,234)	41,536

Reconciliation between the actual tax expenses and effective tax rate is presented below:

Effective tax reconciliation	2024	Effective tax rate (%)	2023	Effective tax rate (%)
Profit before tax in accordance with IFRS	(395,490)		73,261	
Income tax applying defined tax rate	(71,188)	18.0%	13,187	18.0%
Effect of non-taxable income / non-deductible expenses	18,95	-4.8%	28,349	39.0%
Income tax expense and effective tax rate	(52,234)	13.2%	41,536	57.0%

8. Cash and cash equivalents

	2024	2023	2022
	AMD'000	AMD'000	AMD'000
Cash in bank	21,589	26,638	87,345
Cash on hand	2,850	3,475	4,314
Cash on transit	77	148	299
	24,516	30,261	91,958

Cash is held at trusted commercial banks of the Armenian Republic.

9. Inventories

	2024	2023	2022
	AMD'000	AMD'000	AMD'000
Medication and medical supplies	102,202	91,354	81,167
Medication and medical supplies for resale	27,502	25,140	22,131
Other	-	734	3,371
	129,704	117,228	106,669

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10. Trade and other receivables

	2024 AMD'000	2023 AMD'000	2022 AMD'000
On insurance coverage	111,015	64,569	40,688
From the related parties	58,915	57,154	32,753
Interests from prepayments	50,286	-	-
On state coverage services	35,882	17,361	15,264
On social package coverage	5284	5,652	4,235
Allowance for trade receivables	(4,383)	(5,275)	(3,765)
Other	24,465	27,003	17,791
Total financial assets measured at amortized cost	281,464	166,464	106,966
Prepayments	61,349	39,326	182
Prepayments to related parties	18,514	12,279	352
Other	51,261	299	282
Total	412,588	218,368	107,782

The fair value of trade and other receivables measured at amortized cost does not materially differ from their carrying value.

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11. Property, plant and equipment

	Improvements to the rented spaces	Medical equipment and instruments	Computers and other equipment	Furniture and fixtures	Other	Total
<i>Cost</i>						
31 December 2022	123,913	1,343,111	202,278	77,672	24,565	1,771,539
1 January 2023	123,913	1,343,111	202,278	77,672	24,565	1,771,539
Additions	286,120	471,890	83,633	39,853	448	881,994
31 December 2023	410,033	1,815,001	285,911	117,525	25,013	2,653,485
1 January 2024	410,033	1,815,001	285,911	117,525	25,013	2,653,485
Additions	613,082	1,199,071	75,128	190,838	205	2,078,324
Disposal	(64,934)	(2,551)	(190)	(11,366)	-	(79,041)
31 December 2024	958,181	3,011,520	360,849	296,997	25,218	4,652,766
<i>Accumulated depreciation</i>						
31 December 2022	13,620	691,396	141,778	41,914	16,847	905,555
1 January 2023	13,620	691,396	141,778	41,914	16,847	905,555
Additions	12,689	248,255	50,892	11,858	961	324,655
31 December 2023	26,309	939,651	192,670	53,772	17,808	1,230,210
1 January 2024	26,309	939,651	192,670	53,772	17,808	1,230,210
Additions	46,106	365,267	71,275	23,381	947	506,976
Disposal	-	(1,804)	(22)	(2,386)	-	(4,212)
31 December 2024	72,415	1,303,114	263,923	74,767	18,755	1,732,974
<i>Net book value</i>						
31 December 2022	110,293	651,715	60,500	35,758	7,718	865,984
31 December 2023	383,726	875,350	93,241	63,753	7,205	1,423,275
31 December 2024	885,766	1,708,407	96,926	222,230	6,463	2,919,792

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The depreciation cost allocation between medical service costs and administrative expenses is presented below:

	2024	2023
	AMD'000	AMD'000
Cost of sale	452,668	278,453
Administrative expenses	54,309	46,202
	506,976	324,655

The carrying value of the assets pledged against the Company's liabilities is as follows:

	Carrying value	Carrying value	Carrying value
	31.12.2024	31.12.2023	31.12.2022
	AMD'000	AMD'000	AMD'000
Medical equipment and instruments	1,497,501	539,774	122,088
	1,497,501	539,774	122,088

Fully depreciated PPE consists of:

AMD'000	Improvements to the rented spaces	Medical equipment and instruments	Computers and other equipment	Furniture and fixtures	Other	Total
31 December 2024	933	291,797	194,593	39,291	9,350	535,964
31 December 2023	933	62,838	145,505	37,735	9,350	256,361
31 December 2022	933	40,818	117,213	34,082	9,260	202,306

12. Intangible assets

AMD'000	Software
Cost	
Balance at 31 December 2022	71,282
Additions	99,125
Balance at 31 December 2023	170,407
Additions	12,329
Disposals	12,600
Balance at 31 December 2024	195,336
Depreciation	
Balance at 31 December 2022	(28,719)
Depreciation charge	(20,350)
Balance at 31 December 2023	(49,069)
Depreciation charge	(26,998)
Disposals	(12,600)
Balance at 31 December 2024	(88,667)
Carrying amount	
At 31 December 2022	42,563
At 31 December 2023	121,338
At 31 December 2024	106,669

13. Deferred tax assets

The deferred tax is calculated based on temporary differences by tax rate of 18% (2023: 18%) using the liabilities method.

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Presented below is the deferred tax movement for the year:

	2024	2023	2022
	AMD'000	AMD'000	AMD'000
At 1 January	46,842	23,310	20,556
Recognised in profit and loss	52,234	23,532	2,754
At 31 December	99,076	46,842	23,310

Temporary tax differences according to their source of origin are presented below:

<i>In thousands of Armenian Drams</i>	01-Jan-24	(Charged)/credited to profit or loss	31-Dec-24
Tax effect of temporary differences			
Property, plant and equipment	350	478	828
Leave provisioning	29,151	(1,612)	27,539
Right of use asset	(303,432)	6,746	(296,686)
Lease Liability	320,773	14,132	334,905
Tax loss carry forwards	-	32,490	32,490
Net deferred tax asset	46,842	52,234	99,076
Valuation of deferred tax assets	-	-	-
Recognised Deferred Tax asset	46,842	52,234	99,076
<hr/>			
<i>In thousands of Armenian Drams</i>	01-Jan-24	(Charged)/credited to profit or loss	31-Dec-24
Tax effect of temporary differences			
Property, plant and equipment	292	58	350
Leave provisioning	23,018	6,133	29,151
Right of use asset	(189,152)	(114,280)	(303,432)
Lease Liability	(189,152)	131,621	320,773
Net deferred tax asset	23,310	52,234	99,076
Valuation of deferred tax assets	-	-	-
Recognised Deferred Tax asset	23,310	52,234	99,076

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14. Trade and other payables

	2024 AMD'000	2023 AMD'000	2022 AMD'000
Medical and other supplies	299,432	143,711	109,439
Received services	85,493	49,474	19,214
Property and equipment	79,488	40,015	27,697
Other payables	80,270	27,409	15,474
Total financial liabilities measured at amortized cost, excluded loans and borrowings	544,683	260,609	171,824
Unused vacations	152,993	160,337	127,814
Taxes	116,380	69,688	35,781
Payables to employees	140,104	58,048	47,567
Dividends	-	-	438,557
Prepayments received	-	-	874
The obligation under the trilateral cooperation agreement	63,788	-	-
TOTAL	1,017,948	548,682	822,417

The fair value of trade and other payables, classified as financial liabilities measured at amortized cost, do not materially differ from their carrying value.

15. Loans and Credit letters

	Carrying value 2024 AMD'000	Carrying value 2023 AMD'000	Carrying value 2022 AMD'000
Non-current Loans			
Collateral guaranteed	744,275	286,360	68,278
Credit letter	-	-	91,076
	744,275	286,360	159,354
Current Loans			
Collateral guaranteed	484,343	258,639	49,178
Non collateral guaranteed	180,000	-	-
Credit letter	-	100,411	-
Total loans and Credit letter	664,343	359,050	49,178
	1,408,618	645,410	208,532

Loans and credit letter have been obtained for the purpose of acquirement of PPE and financing capital expenditures. On 24 December 2021, the Company signed a loan and credit letter agreement with one of Armenian's banks for the amount of up to EUR 260,000, for the purpose of receiving consecutive loans.

On 29 December 2021, the Company received a loan of EUR 48,800 with a floating interest rate of 6%, and on 15 February 2023, the Company received a credit letter of EUR 210,400 within the same agreement's framework.

Within another agreement, on April 19, 2023, the Company received a loan of EUR 38,000 with a floating interest rate of 6%.

The Company after the expiration of existing overdraft period received a new overdraft from Byblos Bank in 2024 with 180 mln AMD limit (previous overdraft limit was 100 mln AMD, which was amended in

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February 2024, and limit was increased to 150 mln AMD).

Also, on 23 December 2024 the Company received a loan from Ardshinbank in an amount of EUR 210,400 for repayment of existing loan and credit letter in Ardshinbank.

The Company received a credit line in an amount of 650,000 USD, 8.5% annual interest rate for used amount and 0% for unused amount from Evocabank CJSC on February 13, 2025. The credit line maturity is till February 15, 2030. The purpose of credit line is for replenishment of working capital and fixed assets.

Loans and credit letter have been provided by the shareholders' guarantee and with collateral of acquired property, which are presented in Note 12.

The terms of the loan agreements of the period are as follows:

Contract	Lender	Curr ency	%	Maturit y date	2024	2023	2022
					AMD'000	AMD'000	AMD'000
Loan LGL20210604	HSBC Bank Armenia CJSC /Ardshinvest/ HSBC Bank Armenia	EUR	6.0%	2024	-	7,299	13,686
Loan LGL20220158	CJSC /Ardshinvest/ Ardshinbank CJSC	EUR	6.0%	2024	-	2,839	10,652
Loan LGL20240299	Armenian Leasing Company UCO CJSC	EUR	7.0%	2027	87,184	-	-
Lease ALC00183LO	Ameriabank CJSC	AMD	12.9%	2024	-	2,953	13,583
Lease TFL001685	Ameriabank CJSC	EUR	8.0%	2026	14,301	25,009	-
Lease TFL001715	Ameriabank CJSC	EUR	8.0%	2026	91,612	190,399	-
Lease TFL001791	Ameriabank CJSC	EUR	8.0%	2026	13,558	30,738	-
Lease TFL001834	Ameriabank CJSC	EUR	8.0%	2026	6,188	12,549	-
Lease TFL001852	Ameriabank CJSC	EUR	8.0%	2026	10,131	21,055	-
Lease TFL001861	Ameriabank CJSC	EUR	8.0%	2026	3,763	7,820	-
Lease TFL001861-1	Ameriabank CJSC	EUR	8.0%	2026	6,074	12,040	-
Lease 21 06 600	ACBA Leasing UCO CJSC	AMD	12.5%	2023	-	-	9,571
Lease 19 02 284-1	ACBA Leasing UCO CJSC	AMD	11.0%	2023	-	-	1,467
Lease 19 02 283-1	ACBA Leasing UCO CJSC	AMD	11.0%	2023	-	-	308
Lease 19 02 285-1	ACBA Leasing UCO CJSC	AMD	11.0%	2023	-	-	777
Lease 19 02 286-1	ACBA Leasing UCO CJSC	AMD	11.0%	2023	-	-	151
Lease 2208 865	ACBA Leasing UCO CJSC	USD	10.0%	2027	44,061	57,610	67,261
Lease 22 10 041	ACBA Leasing UCO CJSC	USD	10.0%	2026	39,051	60,774	-
Lease 22 11 320	ACBA Leasing UCO CJSC	USD	10.0%	2026	8,966	13,914	-
Lease 23 11 719	ACBA Leasing UCO CJSC	EUR	10.0%	2027	232,115	-	-
Lease 2403 144	ACBA Leasing UCO CJSC	EUR	10.0%	2027	8,368	-	-
Lease 2403 146	ACBA Leasing UCO CJSC	EUR	10.0%	2027	12,649	-	-
Lease 2405 508	ACBA Leasing UCO CJSC	EUR	10.0%	2027	46,159	-	-
Lease 2405 509	ACBA Leasing UCO CJSC	EUR	10.0%	2027	25,294	-	-
-Lease 2406 829	ACBA Leasing UCO CJSC	EUR	9.0%	2027	214,978	-	-
Lease 2405 510	ACBA Leasing UCO CJSC	EUR	10.0%	2027	11,124	-	-
Lease 2405 511	ACBA Leasing UCO CJSC	EUR	10.0%	2027	14,553	-	-
Lease 2410 811	ACBA Leasing UCO CJSC	EUR	9.0%	2027	18,136	-	-
Lease 2406 768	ACBA Leasing UCO CJSC	EUR	9.0%	2027	160,298	-	-
Lease 2406 814	ACBA Leasing UCO CJSC	EUR	9.0%	2027	126,757	-	-
Lease 2411 094	ACBA Leasing UCO CJSC	EUR	9.0%	2027	11,768	-	-
Lease 2411 970	ACBA Leasing UCO CJSC	EUR	9.0%	2027	21,530	-	-
Loan OD19-2024	Byblos Bank Armenia CJSC	AMD	12.0%	2025	180,000	-	-
OD15-2023	Byblos Bank Armenia CJSC	AMD	12.0%	2024	-	100,000	-
TOTAL					1,408,618	544,999	117,456

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Credit letter was issued by one of the trusted Armenian banks for the purpose of acquisition of equipment. The closing balance of the credit letter with the terms are presented below:

Contract amount*	Credit letter amount	Currency	Issue date	Maturity date	%	Balance as at 31.12.2024 AMD'000	Balance as at 31.12.2023 AMD'000	Balance as at 31.12.2022 AMD'000
260,000	210,400	EUR	15/02/2023	14/10/2024	EURIBOR +3.75%	-	100,411	91,076

The contract amount represents the maximum total amount that the bank will provide as financing.

The fair value of the credit letter approximates to the nominal value.

Reconciliation of the cash flows from financial activities

	2024 AMD'000	2023 AMD'000	2022 AMD'000	2024 AMD'000	2023 AMD'000	2022 AMD'000
	Loans and credit letters			Dividends		
Opening balance	645,410	208,532	112,931	-	438,557	20,926
Cash flows	-	-	-	-	-	-
Additions loans and leasing	318,970	100,000	19,373	-	-	-
Additions borrowings	400,000	-	-	-	-	-
Repayment of loan and leasing principal	(518,684)	(83,111)	(78,988)	-	-	-
Payment of loan and leasing interest	(36,764)	(22,411)	(6,896)	-	-	-
Payment of borrowing interest	(42,000)	-	-	-	-	-
Dividend payments	-	-	-	-	(568,961)	(150,921)
	121,522	(5,522)	(66,511)	-	(568,961)	(150,921)
Non-cash movement						
Non-cash additions	1,006,525	396,463	181,215	-	-	-
Dividends declared	-	-	-	-	165,000	610,514
Accrued interest	153,018	42,192	16,374	-	-	-
Non cash payment of borrowing	(400,000)	-	-	-	-	-
Interest subsidy (leasing)	(77,839)	(31,367)	-	-	-	-
Effect of revaluation	(40,018)	35,112	(35,477)	-	-	-
Non-monetary redemption of dividends	-	-	-	-	(34,596)	(41,962)
	641,686	442,400	162,112	-	130,404	568,552
Closing balance	1,408,618	645,410	208,532	-	-	438,557

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16. Lease liabilities and ROUA

ROUA Note

	2024	2023	2022
	AMD'000	AMD'000	AMD'000
Balance as at 1 January	1,685,736	1,050,844	-
Additions	149,645	768,422	1,050,844
Depreciation	(187,123)	(133,530)	-
Balance as at 31 December	<u>1,648,258</u>	<u>1,685,736</u>	<u>1,050,844</u>

Lease Liability

	2024	2023	2022
	AMD'000	AMD'000	AMD'000
Balance as at 1 January	1,782,076	1,050,844	-
Additions	149,646	768,421	1,050,844
Interest expense	233,837	168,700	-
Payments	(304,966)	(205,890)	-
Balance as at 31 December	<u>1,860,592</u>	<u>1,782,075</u>	<u>1,050,844</u>

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17. Refund liabilities

	2024 AMD'000	2023 AMD'000	2022 AMD'000
Current	58,757	-	-
Non current	158,408	-	-
	<u>217,165</u>	<u>-</u>	<u>-</u>

In 2024, the Group adjusted revenue following a letter from the Ministry of Health of Armenia regarding duplicated calculations in the “Armed” e-health system. The overstatement was reclassified as a refund liability, to be repaid in instalments under an agreed schedule until September 2027. The liability is measured at fair value, and its carrying amount approximates fair value.

18. Contingent liabilities

Insurance

In 2024 the Company was not secured for interruption of operations and obligations to third parties; that may be caused by accidents or activities in the Company’s territory, causing damage to people’s health, property, or the environment, with the exception of damage caused by the use of vehicles. As of 31 December of 2024, the Company signed an indemnity insurance agreement and secured its operations and obligations to third parties amounting to 250 million AMD.

Contingent liabilities

As of 31 December 2024, and up to the date of signing these reports, there are no material lawsuits filed or expected against the Company.

As of 31 December 2024, the amount of capital commitments regarding construction works and purchase of medical equipment is 22.2 million AMD (2023: 275 million AMD).

19. Transactions with related parties

During the reporting year, the Company conducted the following transactions with the related parties:

Nature of the relationship	Sales/Services		Purchases/Services	
	2024 AMD'000	2023 AMD'000	2024 AMD'000	2023 AMD'000
Shareholders	-	2,485	106,784	22,933
Jointly controlled entities	1,578,420	1,397,384	112,483	123,205
Other related parties	-	1,642	-	84
	<u>1,578,420</u>	<u>1,401,511</u>	<u>219,267</u>	<u>146,222</u>

The following balances were with related parties at the end of the reporting year:

Nature of the relationship	Receivables		Payables	
	2024 AMD'000	2023 AMD'000	2024 AMD'000	2023 AMD'000
Shareholders	1,306	372	292	-
Jointly controlled entities	122,375	491,990	72,416	1,046
Other related parties	582	213	-	-
	<u>124,263</u>	<u>492,575</u>	<u>72,708</u>	<u>1,046</u>

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Remuneration of key management personnel

During the reporting period, remuneration of the Company's key management was as follows:

	2024 AMD'000	2023 AMD'000
Wages and other payments	93,275	55,097
	<u>93,275</u>	<u>55,097</u>

Dividends

	Payment of dividends	
	2024 AMD'000	2023 AMD'000
Shareholder 1	-	412,059
Shareholder 2	-	191,498
	<u>-</u>	<u>603,557</u>

20. Subsequent events

In April 2025, Vardanants Center for Innovative Medicine CJSC ("Arinterlev") initiated a public offering of nominal coupon bonds underwritten by Converse Bank CJSC. The total volume of the issuance is AMD 1 billion, with a nominal value of AMD 50,000 per bond, a term of 36 months, and a 12% annual coupon rate paid semi-annually. The subscription period is from 1 April to 1 July 2025.

21. Summary of accounting policy

Foreign currency transactions

Transactions made in foreign currency are converted into drams, using the exchange rate of the transaction day. The exchange rate is taken from the rates published by the Central Bank of RA. As of the reporting date, the monetary assets and liabilities expressed in foreign currency are revalued at the exchange rate of the reporting date. The differences arising due to revaluation are recognized in the profit or loss immediately.

Financial instruments

The company has the following non-derivative financial instruments:

- Trade receivables
- Bank deposits
- Trade payables
- Loans and credit letter received
- Cash and cash equivalents

Trade receivables and payables, loans and credit letter are not classified as measured at fair value through profit or loss.

The cash and cash equivalents consist of cash.

Dividends

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

Property, plant and equipment

The unit of PPE that is recognized as asset is measured at cost. After initial recognition non-current assets are measured at cost less accumulated depreciation and impairment losses. During its useful life, the depreciation expense is periodically allocated applying the straight-line

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method. The useful life of all assets is expressed by periods. The estimated useful life for the current and comparative periods are as follows:

<i>Leasehold improvements</i>	<i>10 years</i>
<i>Vehicles and equipment</i>	<i>5 years</i>
<i>Furniture and fixtures</i>	<i>5-8 years</i>
<i>Other</i>	<i>5 years</i>

Grants

Grants, which are provided under certain conditions for the purpose of carrying out statutory activities, are recognized at their fair value when there is reasonable assurance that:

- a) The Company will fulfill the conditions attached to the grants, and
- b) the grants will be received.

Grants relating to non-current assets are deferred and recognized in profit or loss through straight-line basis corresponding to useful life of the related asset.

The grants related to income are deferred and recognized in profit or loss accordingly in that periods during which they compensate the related costs.

Inventories

Inventories relating to medicine, medical equipment, etc., are presented at the lower of cost and net realizable value. Interchangeable inventory is measured applying First In, First Out (FIFO) method.

Medicines and other supplies held for use in the provision of medical services are not revalued below cost because it is expected that the service for which they will be used will be realized at a price equal to or greater than cost. Medicines or medical supplies that have expired or are no longer suitable for use due to other circumstances are written off in the corresponding period.

Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Company and that revenue can be measured reliably, regardless of when the payment is made.

Revenue is measured at fair value of received or receivable reimbursement, considering payment terms and excluding taxes and duties.

Income tax

Current tax

Current tax is recognized as income or expense and is included in profit or loss of that period.

Current tax is the amount payable in respect of the taxable profit.

Current tax liabilities for the current and previous periods are measured at the amount expected to be paid to the budget, applying the tax rates effective at the reporting date.

Deferred tax

The company's deferred taxes (deferred tax liabilities and deferred tax assets) are due to temporary differences (taxable and deductible temporary differences) and unused tax loss carryforwards.

Deferred taxes related to temporary differences are calculated using the balance sheet liability method, based on temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for tax purposes (tax base).

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

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Annex A : Fair value measurement disclosures

The following table sets out the assets and liabilities for which fair values are disclosed in the notes.

Item	Fair value AMD'000	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Trade receivables	281,464	<i>Current</i> The carrying amount of short term (less than 12 months) trade receivables approximates their fair value	Level 3	N/A
Trade payables	544,683	<i>Current</i> The carrying amount of short term (less than 12 months) trade payables approximates their fair value	Level 3	N/A