

Financial Statements and Independent Auditor's Report

Yeremyan Farm CJSC

31 December 2024 and 31 December 2023

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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

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Երևան Պլազա բիզնես
կենտրոն
ՀՀ, ք. Երևան 0015
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To the shareholder of Yeremyan Farm CJSC

Qualified Opinion

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We have audited the financial statements of Yeremyan Farm CJSC (the “Company”), which comprise the statement of financial position as at 31 December 2024 and 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and 31 December 2023 and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Qualified Opinion

We were appointed as the auditor of the Company on 28 March 2025 and thus did not observe the year-end physical counting of biological assets and inventories. Inventories were stated at AMD 1,193,023 thousand and AMD 663,860 thousand, and biological assets at AMD 2,328,968 thousand and AMD 1,433,793 thousand as at 31 December 2024 and 31 December 2023, respectively. Due to the nature and quantities of these assets, we were unable to satisfy ourselves concerning the existence of the Company's biological assets and inventories as of 31 December 2024 and 31 December 2023 by alternative audit procedures.

Since opening inventories and biological assets enter into the determination of the cost of sales and changes in fair value of biological assets, we were unable to determine whether adjustments in respect of the loss for the years reported in the statements of profit or loss and other comprehensive income and the net cash flows used in operating activities reported in the statement of cash flows might have been necessary for the years ended 31 December 2024 and 31 December 2023.

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' 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.

Other Matter

The Company's financial statements for the year ended 31 December 2022 were not audited.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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.

Armen Hovhannisyan
Chief Executive Officer
of "Grant Thornton" CJSC

Narine Achemyan, FCCA
Engagement Partner



25 August 2025

Statement of profit or loss and other comprehensive income

In thousand AMD

	Notes	2024	2023
Revenue	5	2,651,800	574,488
Cost of sales	6	(3,126,489)	(946,139)
Gross loss		(474,689)	(371,651)
Other income		126,139	9,755
Fair value gain (loss) from biological assets and harvested produce		544,110	(5,234)
Selling expenses	7	(300,116)	(92,878)
Administrative expenses	8	(581,387)	(224,184)
Other expenses	9	(239,053)	(177,328)
Loss from operating activities		(924,996)	(861,520)
Finance income	10	56,045	19,960
Finance costs	10	(975,249)	(473,404)
Gain (loss) from foreign exchange rate differences	11	375,155	(464,021)
Loss before income tax		(1,469,045)	(1,778,985)
Income tax recovery	12	384,124	149,282
Loss for the year		(1,084,921)	(1,629,703)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,084,921)	(1,629,703)

The statement of profit or loss and other comprehensive is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 40.

Statement of financial position

In thousand AMD

	Notes	31 December 2024	31 December 2023	1 January 2023
Assets				
Non-current assets				
Property, plant and equipment	13	14,802,723	11,457,742	3,156,881
Long-term biological assets	14	1,905,780	1,391,458	290,200
Intangible assets		1,394	-	-
Grants receivable	16	1,033,340	-	-
Advances for non-current assets		2,116	1,714,561	1,076,328
Term deposits		-	-	261,330
Deferred income tax assets	12	533,406	149,282	-
Total non-current assets		18,278,759	14,713,043	4,784,739
Current assets				
Inventories	15	1,193,023	663,860	51,917
Short-term biological assets	14	423,188	42,335	29,642
Trade and other receivables	17	968,230	1,105,928	805,632
Term deposits		-	201,585	-
Cash and cash equivalents	18	148,010	28,863	154,254
Total current assets		2,732,451	2,042,571	1,041,445
Total assets		21,011,210	16,755,614	5,826,184

Statement of financial position (continued)

In thousand AMD	Notes	31 December 2024	31 December 2023	1 January 2023
Equity and liabilities				
Equity and reserves				
	19			
Share capital		3,496,250	2,000	2,000
Accumulated loss		(2,926,651)	(1,841,730)	(212,027)
Total equity		569,599	(1,839,730)	(210,027)
Liabilities				
Non-current				
Loans and borrowings	20	13,652,345	16,063,554	5,052,452
Grants related to assets	16	3,398,549	-	-
Total non-current liabilities		17,050,894	16,063,554	5,052,452
Current				
Loans and borrowings	20	1,920,454	1,767,621	757,331
Trade and other payables	21	1,470,263	764,169	226,428
Total current liabilities		3,390,717	2,531,790	983,759
Total equity and liabilities		21,011,210	16,755,614	5,826,184

The financial statements were approved on 25 August 2025 by:

Davit Yeremyan
Director

Mane Danielyan
Chief Accountant

The statement of financial position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 40.

Statement of changes in equity

In thousand AMD	Share capital	Accumulated loss	Total
Balance at 1 January 2023	2,000	(212,027)	(210,027)
Loss for the year	-	(1,629,703)	(1,629,703)
Total comprehensive loss for the year	-	(1,629,703)	(1,629,703)
Balance at 31 December 2023	2,000	(1,841,730)	(1,839,730)
Loss for the year	-	(1,084,921)	(1,084,921)
Total comprehensive loss for the year	-	(1,084,921)	(1,084,921)
Capital contribution	3,494,250	-	3,494,250
Total transactions with owners	3,494,250	-	3,494,250
Balance at 31 December 2024	3,496,250	(2,926,651)	569,599

The statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 40.

Statement of cash flows

In thousand AMD

	2024	2023
Cash flows from operating activities		
Loss for the year	(1,084,921)	(1,629,703)
Adjustments for:		
Depreciation and amortization	799,748	131,714
Loss on disposal of property, plant and equipment	-	297
Grant income	(101,451)	-
Finance cost	975,249	473,404
Finance income	(56,045)	(19,960)
Income tax recovery	(384,124)	(149,282)
Foreign exchange (gain) loss	(375,155)	464,021
Operating loss before working capital changes	(226,699)	(729,509)
Change in biological assets	(895,175)	(1,113,951)
Change in trade and other receivables	107,400	(300,296)
Change in inventories	(529,163)	(611,943)
Change in trade and other payables	710,853	549,506
Cash used in operations	(832,784)	(2,206,193)
Interest paid	(822,630)	(601,125)
Net cash used in operating activities	(1,655,414)	(2,807,318)

Statement of cash flows (continued)

In thousand AMD

	2024	2023
Cash flows from investing activities		
Prepayments for acquisition of property, plant and equipment and intangible assets	(2,097,445)	(8,851,403)
Deposits placed	(657,240)	(781,203)
Deposits redeemed	842,373	833,290
Interest income received	12,214	19,960
Net cash used in investing activities	(1,900,098)	(8,779,356)
Cash flows from financing activities		
Proceeds from capital contribution	3,494,250	-
Proceeds from loans and borrowings	8,124,897	12,460,614
Repayment of loans and borrowings	(10,234,555)	(1,009,436)
Proceeds from government grants	2,300,000	-
Net cash from financing activities	3,684,592	11,451,178
Net increase (decrease) in cash and cash equivalents	129,080	(135,496)
Movement of restricted cash	(77,349)	-
Foreign exchange effect on cash	(9,933)	10,105
Cash and cash equivalents, beginning of the year	28,863	154,254
Cash and cash equivalents, end of year	70,661	28,863

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 11 to 40.

Notes to the financial statements

Yeremyan Farm CJSC

For the year ended 31 December 2024 and 31 December 2023
(expressed in thousands of Armenian drams (AMD))

1 Nature of operations

Yeremyan Farm CJSC (the “Company”) is involved in production and sale of dairy and meat products.

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

Yeremyan Farm CJSC (the “Company”) is a closed joint-stock company incorporated in the Republic of Armenia in 2021.

The Company, operating under the “Yeremyan Products” brand, is a vertically integrated agribusiness company incorporated and operating in the Republic of Armenia. The Company is a member of the Yeremyan Projects Group and is engaged in the production and distribution of dairy, meat, and ready-to-cook food products.

In 2022, the Company commenced the construction of a large-scale livestock complex in the Tashir community of the Lori region. This complex includes cattle and pig farms, a slaughterhouse, feed warehouse, cultivated fields, an automated milking parlor, and ancillary infrastructure. The total investment in the Tashir project was approximately USD 47,204,000 and was financed in part through cooperation with the Eurasian Development Bank (the “Bank”) and the Government of Armenia, under a memorandum of understanding aimed at supporting the agro-industrial sector and enhancing national food security.

In May 2024, Yeremyan Projects officially launched the “Yeremyan Products” milk processing plant in Yerevan. The factory occupies only 2 hectares, which includes: 1470 square meters of warehouses, 690 square meters of catering facilities, 422 square meters of parking lots, 5600 square meters of production and 263 square meters of administrative buildings. The plant has a milk processing capacity of up to 150,000 liters per day. Milk collected at the farm is transported to the Company’s processing facilities through a closed-loop system designed to preserve freshness and prevent contamination.

The Company’s dairy products, which include milk, yogurt, sour cream, cottage cheese, butter, and a variety of cheeses (including Lori, sulguni, mozzarella, ricotta, and burrata), are distributed through Yeremyan Projects’ restaurant outlets (related entities), direct-to-consumer delivery platforms, and major supermarket chains in Yerevan.

The Company offers a diverse line of meat products, and includes pork and beef as well as ready-to-use products.

Its registered office and principal place of business is 8 Teryan str., Yerevan 0009, Armenia.

The average number of employees of the Company during 2024 was 190 employees (2023: 76 employees).

Statement of compliance and going concern

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

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

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 Central Bank of Armenia, together with the Armenian government, managed to control inflation, however this created difficulties for exporters and businesses with foreign-currency liabilities. Global inflation and rising energy costs pressure Armenia's economy, especially due to reliance on imports.

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

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

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2024

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

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

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

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

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

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

- IFRS 18 *Presentation and Disclosure in Financial Statements*.

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

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

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all the impacts the amendments will have on the financial statements and notes to the financial statements.

- Amendments to IFRS 9 and IFRS 7 - *Amendments to the Classification and Measurement of Financial Instruments*. The Company is currently assessing the impact the amendment will have on the financial statements and related notes;
- Amendments to IAS 21 - *Lack of exchangeability* - which specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are not expected to have a material impact on the Company's financial statements;

4 Material accounting policies

4.1 Basis of preparation

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

4.2 Climate-related matters

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

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

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

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

The Company acknowledges the need for further efforts to fully integrate climate in the Company's risk assessments and management protocols.

4.3 Foreign currency

Functional and presentation currency

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

These 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:

	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).

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period.

4.4 Revenue

Revenue arises mainly from the sale of dairy, meat and other products and the provision of cattle maintenance services.

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

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

Revenue is recognized either at a point in time or over time, when the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue from the sale of dairy, meat products and other goods is recognized at a point in time when the significant risks and gains of ownership have been transferred to the customer.

Revenue from the provision of services is recognized over time as the Company satisfies its performance obligation.

4.5 Biological assets

A biological asset is measured on initial recognition and at each reporting date at its fair value less costs to sell.

Agricultural produce harvested from the biological assets is measured at its fair value less estimated cost to sell at the point of harvest.

A gain or loss arising on initial recognition and subsequent change of a biological asset at fair value less estimated costs to sell is included in profit or loss for the period in which it arises.

Productive farm animals are classified as non-current assets in the statement of financial position; consumable farm animals and unharvested crops are classified as current assets.

4.6 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. The Company begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date, which is the date when the Company first meets all of the following conditions: it incurs expenditures for the asset, it incurs borrowing costs, it undertakes activities that are necessary to prepare the asset for its intended use or sale.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate is calculated as the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

Capitalization of borrowing costs is suspended during extended periods in which the Company suspends active development of a qualifying asset. Capitalization of borrowing costs is ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4.7 Property, plant and equipment

Property, plant 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, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

Property, plant and equipment in the course of construction for production are carried at cost, less any recognized impairment loss. Cost includes directly attributable expenditures, site preparation, installation and assembly costs, professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

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

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

Buildings and constructions	- 20 years
Vehicles	- 5-8 years
Fittings	- 1-8 years
Other	- 1-8 years.

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

4.8 Leased assets

The Company as a lessee

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

Measurement and recognition of leases as a lessee

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

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

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

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

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

The Company 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.

4.9 Impairment of depreciable 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.

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.

4.10 Financial instruments

Recognition and derecognition

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

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

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

Classification and initial measurement of financial assets

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

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

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

The classification is determined by both:

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

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or foreign exchange rate differences, except for impairment of trade receivables which is presented within other expenses. A summary of the Company's financial assets by category is given in Note 25.1.

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 Company's cash and cash equivalents, term deposits, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the “expected credit loss (ECL) model”. Instruments within the scope of IFRS 9 requirements include trade receivables recognized and measured under IFRS 15, cash and cash equivalents and term deposits.

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

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

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

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

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

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

Trade and other receivables and contract assets

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

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. See Note 26.2 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

The Company's financial liabilities include loans and borrowings and trade and other payables. A summary of the Company's financial liabilities by category is given in Note 25.1.

Loans and borrowings

Loans and borrowings are recognized initially at fair value, net of issuance costs associated with the borrowing. The difference between fair value and nominal value is recognized in profit or loss, except when the borrowing was received from the owners. In this instance the difference between fair value and nominal value is recognized in equity as additional capital. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any difference between cost and redemption value recognized in profit or loss over the period of the borrowings on an effective interest basis. Interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance expenses, except for the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are capitalized as part of that asset.

Trade and other payables

Trade and other payables 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 Government grants

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

Government grants with a primary condition to purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Other government 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.

Government grants related to land that is conditional on constructing a building is recognized over the useful life of that building, reflecting the period in which the associated costs are incurred.

Government grants – Biological assets

Government grants related to biological assets, which are biological assets measured at fair value less costs to sell, are accounted for in accordance with IAS 41 *Agriculture*.

An unconditional government grant related to a biological asset measured at its fair value less costs to sell is recognised in profit or loss when, and only when, the government grant becomes receivable.

If a government grant related to a biological asset measured at fair value less costs to sell is conditional, including when a government grant requires from the Company not to engage in specified agricultural activity, the Company recognises the government grant in profit or loss when, and only when, the conditions attaching to the government grant are met.

4.13 Provisions

A provision is recognized in the statement of financial position when the Company 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.

4.14 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 financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in liabilities.

4.16 Equity, reserves and dividend payments

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

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

Retained earnings include all current and prior period retained profits and losses.

All transactions with owners are recorded separately within equity.

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;

4.18 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period.

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

4.18.1 Significant estimates used in applying accounting policies

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

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Refer to Note 27 for fair value measurement disclosures.

Useful lives of property, plant and equipment

Management has estimated useful lives of the property, plant and equipment. Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date, based on the expected utility of the assets.

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

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

Provision for expected credit losses of financial assets

The Company uses judgement to estimate allowance for expected credit losses (ECL) for financial assets at amortized costs. ECL are measured in a way that reflects the unbiased and probability-weighted amount, the time-value of money and reasonable and supportable information at the reporting date pertaining to past events, current conditions and forecasts of future economic conditions. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, service type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

ECL are measured as probability-weighted present value of all cash shortfalls over the expected life of each financial asset. ECL are mainly calculated using a statistical model based on three major risk parameters: probability of default, loss given default and exposure of default.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. This information includes macroeconomic factors (unemployment rate, inflation rate) and forecasts of future economic conditions. The impact of forecast economic conditions in the determination of ECL was not significant. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets is disclosed in note 26.2.

Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

4.18.2 Critical judgments in applying accounting policies

The following are the judgements made by management in applying the accounting policies of the Company that have the most significant effect on the 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. Management believes that the Company will have sufficient taxable income for the use of tax assets.

5 Revenue

	2024	2023
Sale of dairy products	2,166,426	524,348
Sale of meat products	318,595	-
Revenue from rendering of services	143,480	49,530
Other	23,299	610
	2,651,800	574,488

The Company's revenue by pattern of recognition is as follows:

	2024	2023
Goods transferred at a point in time	2,508,320	524,958
Services transferred over time	143,480	49,530
Total	2,651,800	574,488

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 December 2024:

	2024	2023
Revenue expected to be recognized in the next year	514,708	-

6 Cost of sales

	2024	2023
Cost of materials	1,749,916	242,267
Depreciation and amortization	728,290	99,871
Employee compensations	449,242	265,418
Maintenance expenses	199,041	338,583
	3,126,489	946,139

7 Selling expenses

	2024	2023
Marketing expenses	124,866	24,044
Employee compensations	63,044	12,015
Depreciation and amortization	29,477	12,022
Insurance expenses	60,987	27,843
Maintenance expenses	19,867	16,759
Other	1,875	195
	300,116	92,878

8 Administrative expenses

	2024	2023
Employee compensations	114,954	89,773
Depreciation and amortization	42,244	19,821
Maintenance expenses	233,616	-
Professional services	99,436	44,544
Business trip	43,376	26,659
Other	47,761	43,378
	581,387	224,184

9 Other expenses

	2024	2023
Write-offs of biological assets	73,571	41,111
Impairment of financial assets	83,158	20,013
Written off inventories	23,061	-
Currency conversion costs	26,093	67,422
Other	33,170	48,782
	239,053	177,328

10 Finance income and costs

	2024	2023
Interest income on short-term bank deposits	12,214	19,960
Unwinding of interest on grants receivable	43,831	-
Total finance income	56,045	19,960
Interest expenses on bank borrowings	1,100,991	693,106
Fair value adjustments on long-term grants receivable	210,491	-
Less: capitalized borrowing costs	(336,233)	(219,702)
Total finance costs	975,249	473,404
Net finance costs	919,204	453,444

11 Gain (loss) from foreign exchange rate differences

	2024	2023
Financial assets at amortized cost	(56,684)	11,396
Financial liabilities at amortized cost	431,839	(475,417)
Gain (loss) from foreign exchange rate differences, net	375,155	(464,021)

12 Income taxes

Income tax recovery

	2024	2023
Current tax	-	-
Deferred tax	384,124	149,282
Total income tax recovery	384,124	149,282

Reconciliation of the effective tax rate is as follows:

	2024	Effective tax rate (%)	2023	Effective tax rate (%)
Loss before taxation (under IFRSs)	(1,469,045)		(1,778,985)	
Tax calculated at a tax rate of 18% (2023: 18%)	(264,428)	18	(320,217)	18
Non-deductible items, net	648,552	(44)	469,499	(26)
Income tax recovery	384,124	(26)	149,282	(8)

Deferred income tax assets

The movement of deferred income taxes is disclosed below:

	2024	2023
Balance at the beginning of year	149,282	-
Credited to profit or loss	386,560	149,282
Balance at the end of year	535,842	149,282

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

	1 January 2024	Recognized in profit or loss	31 December 2024
Deferred income tax assets			
Property, plant and equipment	66,273	(9,935)	56,338
Trade and other receivables	3,602	14,969	18,571
Trade and other payables	2,368	3,933	6,301
Loans and borrowings	28,231	34,385	62,616
Grants related to assets	-	23,503	23,503
Tax losses	48,808	319,705	368,513
Net position – deferred income tax assets	149,282	386,560	535,842

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

Notes to the Financial Statements

For the year ended 31 December 2024 and 31 December 2023 (expressed in thousands of Armenian drams (AMD))

	1 January 2023	Recognized in profit or loss	31 December 2023
<i>Deferred income tax assets</i>			
Property, plant and equipment	-	66,273	66,273
Trade and other receivables	-	3,602	3,602
Trade and other payables	-	2,368	2,368
Loans and borrowings	-	28,231	28,231
Tax losses	-	48,808	48,808
Net position – deferred income tax assets	-	149,282	149,282

13 Property, plant and equipment

	Land	Buildings and constructions	Machinery and equipment	Fixture and fittings	Constructions in progress	Right-of-use assets	Total
Cost							
Balance at 1 January 2023	863,765	264,797	263,778	7,183	1,779,175	-	3,178,698
Additions	3,420	-	1,476,492	245,759	6,645,117	62,084	8,432,872
Disposals	-	-	(175)	(937)	-	-	(1,112)
Balance at 31 December 2023	867,185	264,797	1,740,095	252,005	8,424,292	62,084	11,610,458
Additions	3,660	1,231,824	1,827,033	405,748	676,464	-	4,144,729
Disposals	-	(25,548)	-	-	-	-	(25,548)
Internal movement	-	8,697,326	-	-	(8,697,326)	-	-
Balance at 31 December 2024	870,845	10,168,399	3,567,128	657,753	403,430	62,084	15,729,639
Accumulated depreciation and impairment							
Balance at 1 January 2023	-	6,655	14,842	320	-	-	21,817
Charge for the year	-	13,240	111,216	3,934	-	3,324	131,714
Eliminated on disposal	-	-	(175)	(640)	-	-	(815)
Balance at 31 December 2023	-	19,895	125,883	3,614	-	3,324	152,716
Charge for the year	-	368,388	367,209	59,636	-	4,515	799,748
Eliminated on disposal	-	(25,548)	-	-	-	-	(25,548)
Balance at 31 December 2024	-	362,735	493,092	63,250	-	7,839	926,916
Carrying amount							
Balance at 31 December 2023	867,185	244,902	1,614,212	248,391	8,424,292	58,760	11,457,742
Balance at 31 December 2024	870,845	9,805,664	3,074,036	594,503	403,430	54,245	14,802,723

Property, plant and equipment of the Company at the carrying amount of AMD 14,748,478 thousand have been pledged as a security for loans and borrowings as at 31 December 2024 (31 December 2023: AMD 11,398,982 thousand).

Additions in 2024 and 2023 are the construction of barns, a pig farm, a factory, and the acquisition of machinery and equipment necessary for their operation.

The Company's buildings and structures were substantially brought into operation during April and May 2024, following the completion of construction works and readiness of the properties for their intended use.

Depreciation expense has been allocated as follows:

	2024	2023
Cost of sales	728,027	99,871
Selling expenses	29,477	12,022
Administrative expenses	42,244	19,821

Right-of-use assets represent advances paid for sublease of lands in Lori Province till November 2036.

14 Biological assets

14.1 Long-term biological assets

	Breeding cows	Breeding pigs	Total
Balance at 1 January 2023	290,200	-	290,200
Acquisition and growing costs	1,042,743	104,428	1,147,171
Decreases due to sales and diseases	(40,679)	-	(40,679)
Loss arising from changes in fair value less estimated costs to sell	(5,234)	-	(5,234)
Balance at 31 December 2023	1,287,030	104,428	1,391,458
Acquisition and growing costs	236,430	7,262	243,692
Decreases due to sales and diseases	(3,064)	-	(3,064)
Gain arising from changes in fair value less estimated costs to sell	213,454	60,240	273,694
Balance at 31 December 2024	1,733,850	171,930	1,905,780

14.2 Short-term biological assets

	Consumable livestock, cattle	Consumable livestock, pigs	Unharvested crops	Total
Balance at 1 January 2023	12,000	-	17,642	29,642
Increase due to acquisitions and growth costs	432	-	30,335	30,767
Decrease due to harvest, diseases and disposal	(432)	-	(17,642)	(18,074)
Gain arising from changes in fair value less estimated costs to sell	-	-	-	-
Balance at 31 December 2023	12,000	-	30,335	42,335
Increase due to acquisitions and growth costs	25,920	379,104	86,768	491,792
Decrease due to harvest, diseases and disposal	(22,635)	(260,620)	(30,335)	(313,590)

Notes to the Financial Statements

For the year ended 31 December 2024 and 31 December 2023 (expressed in thousands of Armenian drams (AMD))

	Consumable livestock, cattle	Consumable livestock, pigs	Unharvested crops	Total
Gain (loss) arising from changes in fair value less estimated costs to sell	(785)	203,436	-	202,651
Balance at 31 December 2024	14,500	321,920	86,768	423,188

Livestock population were as follows:

	31 December 2024	31 December 2023
Breeding pigs	696	661
Consumable pigs	4,528	-
Breeding cattle	2,044	1,596
Consumable cattle	58	48

The Company's harvest volumes of its principal agricultural crops for the year are as follows (in tonnes):

	31 December 2024	31 December 2023
Silage	509	138
Barley	5,637	3,233

Key inputs in the fair value measurement of the livestock and the agricultural crops harvested together with sensitivity to reasonably possible changes in those inputs are disclosed in Note 27.2.

As at 31 December 2024 and 31 December 2023, biological assets were pledged as collateral for the Company's loans (Note 21).

15 Inventories

	31 December 2024	31 December 2023
Feed	398,458	311,127
Finished products	246,638	-
Raw materials	222,202	5,737
Products-in-progress	48,672	-
Seeds	45,988	250,608
Fuel	47,744	14,021
Other	183,321	82,367
Total inventories	1,193,023	663,860

16 Grants related to assets

	31 December 2024	31 December 2023
Balance at 1 January	-	-
Accrued during the year	3,500,000	-
Charged in profit or loss	(101,451)	-
Balance at 31 December	3,398,549	-

On 23 June 2022, the Ministry of Economy of the Republic of Armenia and the Company entered into an agreement within the framework of the Pilot Program for Supporting Investment Projects in the Livestock Breeding Sector, as approved by the Government Resolution No. 276-L dated 3 March 2022, and Resolution No. 2121-N dated 23 December 2021, "On Measures Ensuring the Implementation of the State Budget of the Republic of Armenia for 2022".

Under the terms of the agreement, the Company committed to undertaking capital investments in the livestock breeding sector in accordance with the scope, schedule, and procedures set out in the approved program. In return, the Ministry of Economy committed to provide compensation for eligible investments, subject to the conditions defined in the program. The compensation is limited to a maximum of 40% of the total capital investments made and shall not exceed AMD 3.5 billion in total.

During the reporting period, the Company recognized AMD 3,500,000 thousand as a government grant related to assets. Of this amount, AMD 2,300,000 thousand was received in 2024, with the remaining balance scheduled for receipt in 2026, which is included in grants receivable balance in the statement of financial position.

Under the terms of the grant agreement, the Company is subject to monitoring by the state non-profit organization "Agricultural Services Center" for a period of three years. In the event of non-compliance with the program requirements or failure to submit the required reports within the specified timeframes, amounts previously received may become immediately repayable to the state budget.

The portion of the government grant related to the acquisition or construction of property, plant, and equipment is recognized in profit or loss on a systematic basis over the useful lives of the related assets. The portion allocated to biological assets measured at fair value less costs to sell is deferred and recognized in profit or loss when the grant conditions are fulfilled - over the three-year compliance period described above.

17 Trade and other receivables

	31 December 2024	31 December 2023
Financial assets		
Trade receivables	915,303	245,071
Allowance for expected credit losses	(103,171)	(20,013)
Total financial assets	812,132	225,058
Non-financial assets		
Advances and prepayments	102,102	627,330
Prepaid taxes	53,996	253,540
Total non-financial assets	156,098	880,870
Total trade and other receivables	968,230	1,105,928

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The average credit period on sales of goods and services is 4 months (2023: 5 months). No interest is charged on trade receivables.

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

	2024	2023
Balance at the beginning of the year	20,013	-
Loss allowance recognized during the year	83,158	20,013
Balance at the end of the year	103,171	20,013

Note 27.2 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses. Both the current and comparative impairment provisions apply the IFRS 9 expected loss model.

Trade and other receivables are denominated in AMD.

18 Cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position, as follows:

	31 December 2024	31 December 2023
Bank accounts	70,661	28,863
Cash and bank balances reported in the statement of cash flows	70,661	28,863
Cash balances on restricted accounts	77,349	-
Cash and bank balances reported in the statement of financial position	148,010	28,863

Balances held on restricted accounts represent designated bank account maintained by the Company as a security in respect of the loan from Eurasian Development Bank.

See Note 27.1 for the currencies in which the cash and cash equivalents are denominated.

19 Equity

Number of shares unless otherwise stated	Ordinary shares	Ordinary shares
	2024	2023
<i>Authorized shares</i>		
Number of ordinary shares of AMD 34,962,500 each (2023: AMD 20,000 each)	100	100

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

The Company's shares have been pledged as collateral in connection with the loan obtained from the Eurasian Development Bank (refer to Note 21).

On 5 August 2024, the sole shareholder resolved to increase the share capital by raising the nominal value of each share from AMD 20,000 to AMD 34,962,500. The change was registered with the relevant authorities on 9 September 2024.

20 Loans and borrowings

	Non-current		Current	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Bank loans	13,652,345	15,390,564	1,012,468	-
Borrowings from shareholder	-	-	907,986	1,767,621
Promissory notes	-	672,990	-	-
Total loans and borrowings	13,652,345	16,063,554	1,920,454	1,767,621

As disclosed in Note 1, in 2022 the Company commenced the construction of a large-scale livestock complex located in the Tashir community of the Lori region. The complex comprises cattle and pig farms, a slaughterhouse, feed storage facilities, cultivated agricultural land, an automated milking parlor, and associated infrastructure.

The investment in this project is partially financed through cooperation with the Eurasian Development Bank and the Government of the Republic of Armenia, under a memorandum of understanding aimed at supporting the development of the agro-industrial sector and strengthening national food security.

In connection with the financing of this project, the Company entered into a loan agreement with the Eurasian Development Bank for an amount of USD 36,046,000. The loan carries an effective interest rate of

6.7% per annum (contractual rate: 7.5% per annum, of which 2.5% is subsidized by the Bank until 13 June 2025) and is repayable on 30 June 2032.

The loan from the Eurasian Development Bank is secured by the Company's shares, fixed assets, biological assets, and real estate, as well as by various assets held by related parties. Further information on the pledged assets is provided in the respective notes to these financial statements.

In addition, the Company receives periodic financing from Hayr ev Vordi Yeremyanner LLC, an entity under common control, in the form of interest-free loans repayable on demand. These loans are intended to support the Company's ongoing operational requirements.

In accordance with the terms of a loan agreement with the Bank, the Company is subject to certain operational restrictions described in Note 28.

As at 31 December 2024 the Company has no undrawn borrowing facilities.

The fair values of loans are as follows:

	2024	2023
Fair value	14,805,793	16,894,285
Carrying amount	15,572,799	17,831,175

The fair values are based on cash flows discounted at 8.62% (2023: 8.64%).

See Note 27.1 for more information about the Company's exposure to foreign currency risks.

The changes in the Company's loans and borrowings arising from financing activities in the statement of cash flows can be classified as follows:

	2024	2023
Balance at 1 January	17,831,175	5,809,783
Cash-flows		
Proceeds	8,124,897	12,460,614
Repayments	(10,234,555)	(1,009,436)
Interest paid	(822,630)	(601,125)
Non-cash		
Interest accrual	1,100,991	693,106
Foreign exchange gain (loss)	(427,079)	478,233
Balance at 31 December	15,572,799	17,831,175

21 Trade and other payables

	31 December 2024	31 December 2023
Trade payables	808,360	717,313
Advances from customers	514,708	-
Taxes and duties payable	36,064	20,798
Payables to employees	111,131	26,058
Total trade and other payables	1,470,263	764,169

The average credit period on purchase of certain goods is 2 months (2023: 2 months). No interest is charged on trade payables. The Company has financial risk management policies to ensure that all payables are paid within the credit timeframe.

Advances from customers include balance from Eco Farm LLC (related party) at the amount of AMD 513,087 thousand.

See Note 27.1 for more information about the Company's exposure to foreign currency risk.

22 Related parties

The Company's related parties include its parent, entities under common control, key management and others as described below.

22.1 Control relationships

The Company is controlled by Hayr ev Vordi Yeremyanner CJSC, which owns 100% of the Company's shares. The ultimate controller of the Company is David Yeremyan.

22.2 Transactions with related parties

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

Transactions	2024	2023
Shareholder		
Sale of goods	330,496	-
Acquisition of services	55	646
Proceeds from borrowings	2,428,245	1,970,335
Repayment of borrowings	3,287,880	960,045

Entities under common control

Sale of goods	997,947	510,989
Provision of services	138,230	49,530
Acquisition of goods and raw materials	180,407	100,359
Acquisition of services	215,891	341,783

Outstanding balances	2024	2023
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Shareholder

Borrowings	907,986	1,767,621
Trade and other receivables	393,611	-
Trade and other payables	288	233

Entities under common control

Trade and other receivables	17,073	234,737
Trade and other payables	596,946	263,558

The Company's ultimate controller, David Yeremyan, guaranteed the loan from the Eurasian Development Bank CJSC.

22.3 Transactions with management and close family members

Director, David Yeremyan, is also the ultimate controller of the Company.

Key management received the following remuneration during the year.

	2024	2023
Salaries and bonuses	23,782	10,469
Payables to employees	4,259	1,196

23 Commitments

23.1 Capital commitments

As of 31 December 2024 the Company does not have future capital commitments for acquisition of property and equipment.

23.2 Legal commitments

As of 31 December 2024 and 31 December 2023, the Company was not engaged in litigation proceedings.

24 Contingent liabilities

24.1 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.

24.2 Environmental matters

Management is of the opinion that the Company has met the Government's requirements concerning environmental matters and, therefore, believes that the Company 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.

25 Financial assets and liabilities

25.1 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		
Trade and other receivables ¹	812,132	225,058
Grants receivable	1,033,340	-
Term deposits	-	201,585
Cash and cash equivalents	148,010	28,863
Total financial assets at amortized cost	1,993,482	455,506

¹ these amounts only represent trade and other receivables that are financial assets

Financial liabilities

	31 December 2024	31 December 2023
Amortized cost		
Loans and borrowings	15,572,799	17,831,175
Trade and other payables	919,491	743,371
Total financial liabilities at amortized cost	16,492,290	18,574,546

26 Financial instruments risk

Risk management objectives and policies

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

26.1 Market risk analysis

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

Foreign currency risk

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

Most of the Company's transactions are carried out in Armenian drams. Exposures to currency exchange rates arise from the Company's overseas purchases. The Company also has a USD loan, which has been used to fund the development of the plant.

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

Item

31 December 2024	USD	Euro	Ruble
Financial assets			
Cash and cash equivalents	77,349	-	35,914
Total financial assets	77,349	-	35,914
Financial liabilities			
Loans and borrowings	14,664,813	-	-
Trade and other payables	3,810	13,145	24,633
Total financial liabilities	14,668,623	13,145	24,633
Net position	(14,591,274)	(13,145)	11,281

Item

31 December 2023	USD	Euro	Ruble
Financial assets			
Term deposits	201,585	-	-
Cash and cash equivalents	14,393	-	-
Total financial assets	215,978	-	-

Item

31 December 2023	USD	Euro	Ruble
Financial liabilities			
Loans and borrowings	15,390,564	672,990	-
Trade and other payables	17,209	3,142	4,521
Total financial liabilities	15,407,773	676,132	4,521
Net position	(15,191,795)	(676,132)	(4,521)

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

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

	USD impact		Euro impact	
	2024	2023	2024	2023
Profit or loss	1,459,127	1,519,180	1,315	67,613

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

26.2 Credit risk analysis

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

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

	2024	2023
Amortized cost		
Trade and other receivables	812,132	225,058
Grants receivable	1,033,340	-
Term deposits	-	201,585
Cash and cash equivalents	148,010	28,863
Total financial assets	1,993,482	455,506

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

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with major reputable financial institutions. The above mentioned bank balances and deposits are not past due, neither impaired, and expected credit loss is considered insignificant.

The Company continuously monitors the credit quality of customers. The Company's policy is to deal only with credit worthy counterparties. The credit terms range between 3 and 4 months. The ongoing credit risk is managed through regular review of ageing analysis.

Trade receivables consist of a large number of customers, including major supermarket chains in Armenia and Yeremyan Projects' restaurants (related entities). Trade receivables include balance due from the parent company at the amount of AMD 393,611 thousand (2023: nil).

The Company does not hold any security on trade receivables balance.

Trade receivables

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

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

The expected loss rates are based on the payment profile for sales over the year as well as the corresponding historical credit losses during the last year. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the outstanding amount. The Company has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments within 365 days from the invoice date and failure to engage with the Company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

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

31 December 2024	Expected credit loss	Gross carrying amount	Lifetime expected credit loss
Less than 1 month	4%	352,864	15,209
1 month to 2 months	9%	432,051	40,687
2 months to 6 months	23%	95,562	22,190
6 months to 1 year	58%	23,109	13,368
More than 1 year	100%	11,717	11,717
		915,303	103,171

31 December 2023	Expected credit loss	Gross carrying amount	Lifetime expected credit loss
Less than 1 month	4%	121,289	5,227
1 month to 2 months	9%	114,695	10,801
2 months to 6 months	23%	4,860	1,129
6 months to 1 year	58%	3,252	1,881
More than 1 year	100%	975	975
		245,071	20,013

26.3 Liquidity risk analysis

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

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

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

2024

	Trade payables	Borrowings on demand from shareholder	Fixed interest rate bank loans	Total
Weighted average effective interest rate	<i>Interest free</i>	<i>Interest free</i>	6.8%	
Less than 6 months	919,491	907,986	382,232	2,209,709
6 months to 1 year	-	-	1,553,975	1,553,975
1-2 years	-	-	2,974,144	2,974,144
2-5 years	-	-	8,000,941	8,000,941
More than 5 years	-	-	5,601,870	5,601,870
	919,491	907,986	18,513,162	20,340,639

2023

	Trade payables	Borrowings on demand from shareholder	Fixed interest rate bank loans	Total
Weighted average effective interest rate	<i>Interest free</i>	<i>Interest free</i>	6.9%	
Less than 6 months	743,371	1,767,621	340,099	2,851,091
6 months to 1 year	-	-	369,317	369,317
1-2 years	-	-	2,361,322	2,361,322
2-5 years	-	-	7,371,060	7,371,060
More than 5 years	-	-	7,066,158	7,066,158
	743,371	1,767,621	17,507,956	20,018,948

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, particularly its cash resources and trade receivables. The Company's cash resources and trade receivables are significantly less than the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within 2-3 months.

27 Fair value measurement

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

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

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

27.1 Fair value measurement of financial instruments

The carrying amount of the Company's financial instruments are considered to be a reasonable approximation of fair values.

Trade receivables and current trade payables, bank deposits, cash and cash equivalents are either liquid or short-term, thus, it is assumed that the carrying amount is close to their fair value.

The fair values of the Company's interest-bearing loans and borrowings are determined by using the discounted cash flows method using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

The table below presents the fair value of financial assets and liabilities not measured at their fair value in the statement of financial position.

	31 December 2024	
	Fair value	Carrying amount
Financial assets		
Trade receivables	812,132	812,132
Grants receivable	1,033,340	1,033,340
Cash and cash equivalents	148,010	148,010
Financial liabilities		
Loans and borrowings	14,805,793	15,572,799
Trade and other payables	919,491	919,491

	31 December 2023	
	Fair value	Carrying amount
Financial assets		
Trade receivables	225,058	225,058
Term deposits	201,585	201,585
Cash and cash equivalents	28,863	28,863
Financial liabilities		
Loans and borrowings	16,894,285	17,831,175
Trade and other payables	743,371	743,371

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

27.2 Fair value measurement of non-financial assets

Biological assets (Level 1)

The fair value of biological assets belongs to level 1 measurements in the fair value hierarchy. Fair value of biological assets was determined from quoted prices in active markets for similar assets. There were no changes in the valuation technique during the year ended 31 December 2024.

Key inputs in the fair value measurement of the biological assets and the agricultural crops harvested together with sensitivity to reasonably possible changes in those inputs are disclosed below.

Fair value of biological assets and agricultural produce

The fair value less estimated point-of-sale costs of animals at the end of each reporting period is determined using the physiological characteristics of the latter, management expectations concerning the potential productivity and market prices of animals with similar characteristics.

Key inputs used in the fair value measurement of cattle of the Company were as follows:

Cattle	Market value (AMD)
Pregnant heifer calf	1,250,000
Cow	950,000
1 year old calf	800,000
4 months old calf	320,000
Less than 3 months old calf	250,000

Value of a calf from 4 months old to 1 year old increases by an average of AMD 60,000 each month.

The following market values have been used to determine fair values of pigs:

State of animal	Market value (AMD)
Boar	1,500,000
Mother pig	210,000
4-6 months old breeding sow	225,000 - 250,000
Less than 3 months old consumable piglets	40,000 - 90,000

Should the key assumptions used in determination of fair values of cattle and pigs have been 10% higher/lower with all other variables held constant, the balance and profit or loss of biological assets would be changed by the following amounts:

Thousands AMD	2024	2023
Pigs	49,385	10,443
Cattle	174,835	129,903

The fair value less estimated point-of-sale costs for agricultural produce at the time of harvesting is calculated based on quantities of crops harvested and the prices on deals that took place in the region of location on or about the moment of harvesting and was adjusted for estimated point-of-sale costs at the time of harvesting. If the biological transformation after initial expenses incurred on the unharvested crop at the end of the reporting period is insignificant (for example, the sowing was carried out immediately before the reporting period), the unharvested crop is recorded at cost.

28 Capital management policies and procedures

The Company manages its capital to ensure that it will be able to continue as a going concern and provide adequate return to stakeholders.

The capital structure of the Company consists of equity attributable to equity holders of the parent comprising issued capital and accumulated profits and debt, which includes borrowings disclosed in Note 21.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Restrictions under loan agreements

In accordance with the terms of a loan agreement with the Bank, the Company is subject to certain operational restrictions. Without the Bank's prior written consent, the Company may not:

- (i) reduce its authorized capital (except where required by law),
- (ii) dispose of assets exceeding USD 50,000 in value within a calendar year,
- (iii) distribute dividends or other profits to the shareholder, or
- (iv) provide loans or financial assistance to third parties, acquire third-party promissory notes, or engage in transactions resulting in financial indebtedness of third parties to the Company.

The Company monitors capital using a ratio of "net debt" to "adjusted equity".

Notes to the Financial Statements

For the year ended 31 December 2024 and 31 December 2023 (expressed in thousands of Armenian drams (AMD))

	31 December 2024	31 December 2023
Net debt		
Borrowings	15,572,799	17,831,175
Less: subordinated loans	(907,986)	(1,767,621)
Less: cash and cash equivalents	(70,661)	(28,863)
	14,594,152	16,034,691
Adjusted equity		
Total equity	569,599	(1,839,730)
Add: subordinated loans	907,986	1,767,621
	1,477,585	(72,109)
Net debt to adjusted equity ratio	10	(222)