

Financial Statements and Independent Auditor's Report

Yeremyan Farm CJSC

31 December 2025

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Independent Auditor's Report

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To the shareholder of Yeremyan Farm CJSC

Qualified Opinion

We have audited the financial statements of Yeremyan Farm CJSC (the “Company”), which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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 present fairly, in all material respects, the financial position of the Company as at 31 December 2025 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”).

Basis for Qualified Opinion

As we were appointed as the auditor of the Company during 2025, we were not able to observe the physical counting of inventories and biological assets or satisfy ourselves by alternative means concerning those quantities as of 31 December 2024. Given that the opening balance of biological assets and inventories are included in the cost of sales and change in fair value of biological assets, we were unable to determine whether adjustments to the loss for the year as presented in the statement of profit or loss and other comprehensive income, as well as to the net cashflows from operating activities in the statement of cash flows might be necessary for the year ended 31 December 2025. Our audit opinion on the financial statements for the year ended 31 December 2024 was also modified because of this matter.

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)* (the “IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia. We have also fulfilled our other ethical responsibilities in accordance with these ethical requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as

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

In preparing the financial statements, management is responsible for assessing the 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



13 April 2026



Statement of profit or loss and other comprehensive income

In thousand AMD

	Notes	2025	2024
Revenue	5	6,010,836	2,651,800
Cost of sales	6	(6,487,832)	(3,126,489)
Gross loss		(476,996)	(474,689)
Other income		250,663	126,139
Fair value gain from biological assets and harvested produce		538,540	544,110
Selling expenses	7	(577,543)	(300,116)
Administrative expenses	8	(636,309)	(581,387)
Other expenses		(164,196)	(239,053)
Loss from operating activities		(1,065,841)	(924,996)
Finance income	9	101,745	56,045
Finance costs	9	(956,268)	(975,249)
Gain from foreign exchange rate differences	10	556,138	375,155
Loss before income tax		(1,364,226)	(1,469,045)
Income tax (expense) recovery	13	(382,842)	384,124
Loss for the year		(1,747,068)	(1,084,921)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,747,068)	(1,084,921)

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 38.

Statement of financial position

In thousand AMD

	Notes	31 December 2025	31 December 2024
Assets			
Non-current assets			
Property, plant and equipment	11	13,923,437	14,802,723
Long-term biological assets	12	2,407,900	1,905,780
Intangible assets		1,156	1,394
Grants receivable	18	-	1,033,340
Advances for non-current assets		108,400	2,116
Deferred income tax assets	13	150,564	533,406
Total non-current assets		16,591,457	18,278,759
Current assets			
Inventories	14	1,120,063	1,193,023
Short-term biological assets	12	397,926	423,188
Grants receivable	18	1,135,085	-
Trade and other receivables	15	1,029,024	968,230
Cash and cash equivalents		27,462	148,010
Total current assets		3,709,560	2,732,451
Total assets		20,301,017	21,011,210

Statement of financial position (continued)

In thousand AMD	Notes	31 December 2025	31 December 2024
Equity and reserves			
Share capital	16	3,496,250	3,496,250
Additional capital		564,194	-
Accumulated loss		(4,673,719)	(2,926,651)
Total equity		(613,275)	569,599
Liabilities			
Non-current			
Loans and borrowings	17	13,869,633	13,652,345
Grants related to assets	18	3,183,261	3,398,549
Total non-current liabilities		17,052,894	17,050,894
Current			
Loans and borrowings	17	1,495,647	1,920,454
Trade and other payables	19	2,365,751	1,470,263
Total current liabilities		3,861,398	3,390,717
Total equity and liabilities		20,301,017	21,011,210

The financial statements were approved on 13 April 2026 by:

Davit Yeremyan
Director



Mane Danielyan
Authorized person

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 38.

Statement of changes in equity

In thousand AMD	Share capital	Additional capital	Accumulated loss	Total
Balance at 1 January 2024	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
Loss for the year	-	-	(1,747,068)	(1,747,068)
Total comprehensive loss for the year	-	-	(1,747,068)	(1,747,068)
Fair value difference resulting from discounting of shareholder borrowing	-	564,194	-	564,194
Transactions with owners	-	564,194	-	564,194
Balance at 31 December 2025	3,496,250	564,194	(4,673,719)	(613,275)

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 38.

Statement of cash flows

In thousand AMD

	2025	2024
Cash flows from operating activities		
Loss for the year	(1,747,068)	(1,084,921)
<i>Adjustments for:</i>		
Depreciation and amortization	1,154,960	799,748
Gain on disposal of property, plant and equipment	(10,760)	-
Grant income	(215,288)	(101,451)
Finance cost	956,268	975,249
Finance income	(101,745)	(56,045)
Income tax expense (recovery)	382,842	(384,124)
Foreign exchange gain	(556,138)	(375,155)
Operating loss before working capital changes	(136,929)	(226,699)
Change in biological assets	(476,858)	(895,175)
Change in trade and other receivables	(59,649)	107,400
Change in inventories	72,960	(529,163)
Change in trade and other payables	1,485,451	710,853
Cash from (used in) operations	884,975	(832,784)
Interest paid	(942,204)	(822,630)
Net cash used in operating activities	(57,229)	(1,655,414)

Statement of cash flows (continued)

In thousand AMD

	2025	2024
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(370,960)	(2,097,445)
Deposits placed	-	(657,240)
Deposits redeemed	-	842,373
Interest income received	-	12,214
Net cash used in investing activities	(370,960)	(1,900,098)
Cash flows from financing activities		
Proceeds from capital contribution	-	3,494,250
Proceeds from loans and borrowings	328,238	8,124,897
Repayment of loans and borrowings	(16,472)	(10,234,555)
Proceeds from government grants	-	2,300,000
Net cash from financing activities	311,766	3,684,592
Net increase (decrease) in cash and cash equivalents	(116,423)	129,080
Foreign exchange effect on cash	(4,125)	(9,933)
Cash and cash equivalents, beginning of the year	148,010	28,863
Cash and cash equivalents, end of year	27,462	148,010

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 38.

Notes to the financial statements

Yeremyan Farm CJSC

For the year ended 31 December 2025 (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 Accounting Standards 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 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 2025 was 343 employees (2024: 190 employees).

Statement of compliance and going concern

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

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

Business environment

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

Economic performance across sectors was uneven during the period. Growth continued to be supported primarily by the trade, service and construction sectors, reflecting resilient private consumption and investment activity. Industrial output, while previously affected by contractions in select subsectors,

demonstrated stability and modest improvement in recent reporting periods, aided by recovery within certain manufacturing activities.

The financial sector remained stable, underpinned by a well-capitalized and adequately regulated banking system. Regulatory oversight and supervisory practices continued to support the maintenance of liquidity, solvency, and operational soundness across financial institutions, despite the presence of external risks. For 2025 Armenia's economic growth was at 5.1%, for 2026 the expectation is at 5.4%.

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

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2025

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

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

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.

- IFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operating activities under the

indirect method, from “profit or loss” to “operating profit or loss” and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other IFRS Accounting Standards.

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

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

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

- Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (effective for annual reporting periods beginning on or after 1 January 2026);
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) (effective for annual reporting periods beginning on or after 1 January 2026);
- Annual Improvements to IFRS Accounting Standards - Volume 11 (effective for annual reporting periods beginning on or after 1 January 2026);
- IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual reporting periods beginning on or after 1 January 2027).

4 Material accounting policies

4.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with IFRS Accounting Standards as issued by the IASB.

The financial statements have been prepared on a historical cost basis, except for biological assets that have been measured at fair value.

4.2 Climate-related matters

The Company and its customers may face significant climate-related risks in the future. These risks may result in financial loss and adverse non-financial impacts, which can arise from 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 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 2025	31 December 2024
1 USD	381.36	396.56
1 EUR	449.01	413.89

Non-monetary items are not retranslated and are measured at historic cost (translated using the exchange rates at the transaction date).

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 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 under construction are carried at cost less any impairment loss. Cost includes directly attributable expenditures, site preparation, installation and assembly costs, professional fees and in case of qualifying assets, borrowing costs capitalized.

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 within 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.

Impairment of 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 the net selling price and value in use. If the recoverable amount of an asset or cash-generating unit (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset or CGU 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 CGU 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 CGU in prior years. A reversal of an impairment loss is recognized as income immediately.

4.6 Biological assets

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

Agricultural produce harvested from 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.

4.7 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.

4.8 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.

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 results from 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 22.

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, trade receivables fall into this category of financial instruments.

In the periods presented the Company does not have any financial assets categorized as FVTPL or FVOCI.

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”.

In accordance with IFRS 9, the Company recognizes an allowance for expected credit losses (ECL) on financial assets measured at amortized cost. ECL represents the present value of cash shortfalls, being the difference between the contractual cash flows that are due in accordance with the contract and the cash flows that the Company expects to receive. The cash shortfalls are discounted using the asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets, as applicable).

For a detailed analysis of how the impairment requirements of IFRS 9 are applied refer to Note 23.2.

Classification and measurement of financial liabilities

The Company's financial liabilities include loans and borrowings and trade and other payables.

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at FVTPL. The difference between fair value and nominal value is recognized in profit or loss, 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.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method. All interest-related charges are included within finance costs or finance income.

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

A summary of the Company's financial liabilities by category is given in Note 22.

4.9 Cash and cash equivalents

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

4.10 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.

4.11 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 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 related to biological assets

Government grants related to biological assets which are 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.

4.12 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.

4.13 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.

4.14 Equity, reserves and dividends

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

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

Additional capital comprises the difference between the fair value and nominal value of interest-free borrowings received from the owner.

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

All transactions with owners are recorded separately within equity.

4.15 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.

4.16 Significant management judgement in applying accounting policies and estimation uncertainty

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

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

4.16.1 Significant 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.

4.16.2 Estimation uncertainty

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 24 for fair value measurement disclosures.

Useful lives of 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 23.2.

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.

5 Revenue

	2025	2024
Sale of dairy products	4,602,552	2,166,426
Sale of meat products	1,212,311	318,595
Revenue from rendering of services	102,872	143,480
Other	93,101	23,299
	6,010,836	2,651,800

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

	2025	2024
Goods transferred at a point in time	5,907,964	2,508,320
Services transferred over time	102,872	143,480

Notes to the Financial Statements

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

	2025	2024
Total	6,010,836	2,651,800

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 2025:

	2025	2024
Revenue expected to be recognized in the next year	101,166	514,708

6 Cost of sales

	2025	2024
Cost of materials	4,480,939	1,749,916
Depreciation and amortization	1,045,674	728,290
Employee benefits	824,356	449,242
Maintenance expenses	136,863	199,041
	6,487,832	3,126,489

7 Selling expenses

	2025	2024
Employee benefits	249,581	63,044
Marketing expenses	161,372	124,866
Depreciation and amortization	39,823	29,477
Insurance expenses	30,652	60,987
Other	96,115	21,742
	577,543	300,116

8 Administrative expenses

	2025	2024
Office and utility expenses	218,959	236,028
Employee benefits	191,226	114,954
Depreciation and amortization	68,937	42,244
Professional services	41,262	99,436
Business trip	28,665	43,376
Unrecoverable taxes	14,692	4,676
Other	72,568	40,673
	636,309	581,387

9 Finance income and costs

	2025	2024
Unwinding of interest on grants receivable	101,745	43,831
Interest income on short-term bank deposits	-	12,214
Total finance income	101,745	56,045
Interest expenses on bank borrowings	966,312	1,100,991

Notes to the Financial Statements

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

	2025	2024
Fair value adjustments on grants receivable	-	210,491
Total finance costs	966,312	1,311,482
Less: capitalized borrowing costs	-	(336,233)
Total finance costs	966,312	975,249
Net finance costs	864,567	919,204

10 Gain from foreign exchange rate differences

	2025	2024
Financial assets at amortized cost	(2,980)	(56,684)
Financial liabilities at amortized cost	559,118	431,839
Gain from foreign exchange rate differences, net	556,138	375,155

11 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 2024	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
Additions	1,430	13,647	151,931	98,762	-	19,900	285,670
Disposals	-	-	(16,210)	-	-	-	(16,210)
Internal movement	-	-	-	403,430	(403,430)	-	-
Balance at 31 December 2025	872,275	10,182,046	3,702,849	1,159,945	-	81,984	15,999,099
Accumulated depreciation and impairment							
Balance at 1 January 2024	-	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
Charge for the year	-	511,700	497,427	139,531	-	5,538	1,154,196
Eliminated on disposal	-	-	(5,450)	-	-	-	(5,450)
Balance at 31 December 2025	-	874,435	985,069	202,781	-	13,377	2,075,662
Carrying amount							
Balance at 31 December 2024	870,845	9,805,664	3,074,036	594,503	403,430	54,245	14,802,723
Balance at 31 December 2025	872,275	9,307,611	2,717,780	957,164	-	68,607	13,923,437

Notes to the Financial Statements

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

Property, plant and equipment of the Company at the carrying amount of AMD 13,854,830 thousand have been pledged as a security for bank loans as at 31 December 2025 (31 December 2024: AMD 14,748,478 thousand).

Depreciation expense has been allocated as follows:

	2025	2024
Cost of sales	1,045,436	728,027
Selling expenses	39,823	29,477
Administrative expenses	68,937	42,244

Right-of-use assets represent advances paid for sublease of lands in Lori Province till November 2036 and March 2041.

12 Biological assets

12.1 Long-term biological assets

	Breeding cows	Breeding pigs	Total
Balance at 1 January 2024	1,287,030	104,428	1,391,458
Acquisition and growing costs	236,430	7,262	243,692
Decreases due to disposal	(3,064)	-	(3,064)
Gain from changes in fair value	213,454	60,240	273,694
Balance at 31 December 2024	1,733,850	171,930	1,905,780
Acquisition and growing costs	209,100	25,963	235,063
Decreases due to disposal	(389,073)	(311)	(389,384)
Decreases due to sales and slaughter	(350,745)	(48,378)	(399,123)
Gain from changes in fair value	983,518	72,046	1,055,564
Balance at 31 December 2025	2,186,650	221,250	2,407,900

12.2 Short-term biological assets

	Consumable livestock, cattle	Consumable livestock, pigs	Unharvested crops	Total
Balance at 1 January 2024	12,000	-	30,335	42,335
Acquisition and growing costs	25,920	379,104	86,768	491,792
Decrease due to sales, slaughter and harvest	(22,635)	(260,620)	(30,335)	(313,590)
Gain from changes in fair value	(785)	203,436	-	202,651
Balance at 31 December 2024	14,500	321,920	86,768	423,188
Acquisition and growing costs	149,652	736,169	424,427	1,310,248
Decreases due to disposal	(2,447)	(131,504)	-	(133,951)
Decrease due to sales, slaughter and harvest	(144,790)	(636,318)	(426,762)	(1,207,870)
Gain from changes in fair value	8,185	18,463	(20,337)	6,311
Balance at 31 December 2025	25,100	308,730	64,096	397,926

Livestock population were as follows:

Notes to the Financial Statements

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

	31 December 2025	31 December 2024
Breeding pigs	904	696
Consumable pigs	4,062	4,528
Breeding cattle	1,883	2,044
Consumable cattle	76	58

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

	31 December 2025	31 December 2024
Silage	12,247	5,637
Other	891	509

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 24.2.

As at 31 December 2025 and 31 December 2024, biological assets were pledged as collateral for the Company's loans.

13 Income tax (expense) recovery

Income tax (expense) recovery

	2025	2024
Current tax	-	-
Deferred tax	(382,842)	384,124
Total income tax (expense) recovery	(382,842)	384,124

Reconciliation of the effective tax rate is as follows:

	2025	Effective tax rate (%)	2024	Effective tax rate (%)
Loss before taxation (under IFRS Accounting Standards)	(1,364,226)		(1,469,045)	
Tax calculated at a tax rate of 18% (2024: 18%)	(245,561)	18	(264,428)	18
(Non-taxable) non-deductible items, net	(137,281)	10	648,552	(44)
Income tax (expense) recovery	(382,842)	28	384,124	(26)

Deferred income tax assets

The movement of deferred income taxes is disclosed below:

	2025	2024
Balance at the beginning of year	533,406	149,282
Credited (charged) to profit or loss	(382,842)	384,124
Balance at the end of year	150,564	533,406

Deferred income taxes for the year ended 31 December 2025 can be summarized as follows:

	1 January 2025	Recognized in profit or loss	31 December 2025
Deferred income tax assets			
Property, plant and equipment	53,902	342	54,244

Notes to the Financial Statements

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

	1 January 2025	Recognized in profit or loss	31 December 2025
Trade and other receivables	18,571	(2,493)	16,078
Trade and other payables	6,301	7,412	13,713
Loans and borrowings	62,616	3,913	66,529
Grants related to assets	23,503	(23,503)	-
Tax losses	368,513	583,564	952,077
	533,406	569,235	1,102,641
Valuation of deferred tax assets	-	(952,077)	(952,077)
Net position – deferred income tax assets	533,406	(382,842)	150,564

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	(12,371)	53,902
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	384,124	533,406

14 Inventories

	31 December 2025	31 December 2024
Feed	683,313	444,446
Raw materials	246,848	222,202
Products	43,771	295,310
Fuel	11,695	47,744
Other	134,436	183,321
Total inventories	1,120,063	1,193,023

15 Trade and other receivables

	31 December 2025	31 December 2024
Financial assets		
Trade receivables	819,062	915,303
Allowances for expected credit losses	(89,322)	(103,171)
Total financial assets	729,740	812,132
Non-financial assets		
Advances and prepayments	232,909	102,102
Prepaid taxes	66,375	53,996
Total non-financial assets	299,284	156,098

Notes to the Financial Statements

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

31 December 2025 31 December 2024

Total trade and other receivables	1,029,024	968,230
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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 2 months (2024: 4 months). No interest is charged on trade receivables.

The closing balance of trade receivables loss allowance as at 31 December 2025 reconciles with the trade receivables loss allowance opening balance as follows:

	2025	2024
Balance at the beginning of the year	103,171	20,013
Loss allowance recognized (reversed) during the year	(13,849)	83,158
Balance at the end of the year	89,322	103,171

Note 23.2 includes disclosures relating to credit risk exposures and analysis relating to the allowance for expected credit losses.

Trade and other receivables are denominated in AMD.

16 Share capital

16.1 Share capital

Number of shares unless otherwise stated	Ordinary shares	Ordinary shares
	2025	2024
<i>Authorized shares</i>		
Number of ordinary shares of AMD 34,962,500 each (2024: AMD 34,962,500 each)	100	100

The Company has one class of ordinary shares, which carry no right to fixed income. The sole shareholder of the Company is “Hayr ev Vordi Yeremyanner” LLC.

The Company’s shares have been pledged as collateral for a loan from the Eurasian Development Bank (see Note 17).

16.2 Additional capital

Additional capital arose from the difference between the fair value and the nominal amount of interest-free borrowings received from the Company’s shareholder. The fair value of these borrowings was determined by discounting future cash flows using an interest rate of 13.3% (see Note 24).

17 Loans and borrowings

	Non-current		Current	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Bank loans	13,197,603	13,652,345	902,031	1,012,468
Borrowings from shareholder	672,030	-	-	907,986
Borrowing from other related parties	-	-	593,616	-
Total loans and borrowings	13,869,633	13,652,345	1,495,647	1,920,454

Notes to the Financial Statements

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

As disclosed in Note 2, 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 construction of the complex 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.

The Company entered into a loan agreement with the Eurasian Development Bank to finance the project. The loan bears an effective interest rate of 7.18% per annum (based on a contractual rate of 7.5% per annum, of which 2.5% is subsidized by the Bank until 13 June 2025) and matures on 30 June 2032. The loan is secured by the Company's shares, fixed assets, and biological assets, as well as certain assets of related parties.

In accordance with the terms of a loan agreement with the Bank, the Company is subject to certain operational restrictions described in Note 25.

The Company periodically obtains financing from related parties to support its working capital and ongoing operational requirements.

The interest-free loan received from the shareholder was measured at fair value by discounting future cash flows at a market rate of 13.3%, with the resulting difference between the fair value and the nominal amount recognized in equity as a capital contribution from the shareholder. The loan is denominated in AMD and is contractually repayable within ten years; however, management expects to settle it earlier.

Borrowings from other related parties represent an interest-free loan from Eco Farm LLC, repayable on demand.

The fair values of loans are as follows:

	2025	2024
Fair value	14,832,547	14,805,793
Carrying amount	15,365,280	15,572,799

Fair value is determined by discounting future cash flows using market interest rates of 8.35% for USD-denominated loans and 13.3% for AMD-denominated loans.

See Note 23.1 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 summarized as follows:

	2025	2024
Balance at 1 January	15,572,799	17,831,175
Cash flows		
Proceeds	328,238	8,124,897
Principal repaid	(16,472)	(10,234,555)
Interest paid	(942,204)	(822,630)
Non-cash transactions		
Reclassification from payables	593,616	-
Interest accrual	956,268	1,100,991
Fair value adjustment	(564,194)	-
Foreign exchange gain	(562,771)	(427,079)
Balance at 31 December	15,365,280	15,572,799

18 Grants related to assets

	31 December 2025	31 December 2024
As at 1 January	3,398,549	-
Amount received	-	2,300,000
Accrued	-	1,200,000
Credited to profit or loss	(215,288)	(101,451)
As at 31 December	3,183,261	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.

The amount included in the balance of grants receivable in the statement of financial position as of 31 December 2025, is expected to be reimbursed in 2026.

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 of the provided grant may become 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.

19 Trade and other payables

	31 December 2025	31 December 2024
Trade payables	1,908,407	808,360
Advances from customers	101,166	514,708
Taxes and duties payable	192,805	36,064
Payables to employees	163,373	111,131
Total trade and other payables	2,365,751	1,470,263

The average credit period on purchase of certain goods is 5 months (2024: 4 months). No interest is charged on trade payables.

See Note 23 for more information about the Company's exposure to foreign currency risk.

20 Related parties

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

20.1 Control relationships

The Company is controlled by "Hayr ev Vordi Yeremyanner" LLC, which owns 100% of the Company's shares.

The ultimate controller of the Company is David Yeremyan.

20.2 Transactions with related parties

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

Transactions	2025	2024
Shareholder		
Sale of goods	1,519,852	330,496
Acquisition of services	44,169	55
Proceeds from borrowings	328,238	2,428,245
Repayment of borrowings	-	3,287,880
Entities under common control		
Sale of goods	41,698	997,947
Provision of services	101,000	138,230
Acquisition of goods and raw materials	1,334,263	180,407
Acquisition of services	169,555	215,891

Outstanding balances	31 December 2025	31 December 2024
Shareholder		
Borrowings	672,030	907,986
Trade and other receivables	-	393,611
Entities under common control		
Borrowings	593,616	-
Trade and other receivables	107,372	17,073
Trade and other payables	948,342	596,946

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

Key management received the following remuneration during the year.

	2025	2024
Salaries and bonuses	54,987	23,782
Payables to employees	8,351	4,259

21 Contingent liabilities

21.1 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.

21.2 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.

22 Financial assets and liabilities

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in Note 4.8. The carrying amounts of financial assets and financial liabilities in each category are as follows:

Financial assets

	31 December 2025	31 December 2024
Amortized cost		
Trade and other receivables ¹	729,740	812,132
Grants receivable	1,135,085	1,033,340
Cash and cash equivalents	27,462	148,010
Total financial assets at amortized cost	1,892,287	1,993,482

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

Financial liabilities

	31 December 2025	31 December 2024
Amortized cost		
Loans and borrowings	15,365,280	15,572,799
Trade and other payables	2,071,780	919,491
Total financial liabilities at amortized cost	17,437,060	16,492,290

A description of the Company's financial instrument risks, including risk management objectives and policies is given in Note 23.

23 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.

23.1 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.

Notes to the Financial Statements

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

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 translated into Armenian drams at the closing rate:

Item

31 December 2025	USD	Euro	Ruble
Financial assets			
Trade and other receivables	-	-	73,234
Total financial assets	-	-	73,234
Financial liabilities			
Loans and borrowings	14,099,634	-	-
Trade and other payables	1,896	38,597	-
Total financial liabilities	14,101,530	38,597	-
Net position	(14,101,530)	(38,597)	73,234

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

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

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

	USD impact		Euro impact	
	2025	2024	2025	2024
Profit or loss	1,410,153	1,459,127	3,860	1,315

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.

23.2 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's credit risk arises from financial assets, the maximum exposure to which is represented by the carrying amounts of the following financial assets:

	2025	2024
Amortized cost		
Trade and other receivables	729,740	812,132
Grants receivable	1,135,085	1,033,340
Cash and cash equivalents	27,462	148,010
Total financial assets	1,892,287	1,993,482

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 is managed via diversification of bank deposits and are only with major reputable financial institutions. Expected credit loss for the above-mentioned bank balances is considered insignificant.

Trade receivables

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

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, the 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 for groupings of various customer segments with similar loss patterns. The expected loss rates are based on the payment profile for sales of the last year as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of 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 and failure to engage with the Company on alternative payment arrangements amongst others are considered indicators of no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables was determined as follows:

31 December 2025	Expected credit loss	Gross carrying amount	Lifetime expected credit loss
Less than 1 month	1%	478,636	5,998
1 month to 2 months	10%	191,610	19,942
2 months to 6 months	24%	72,020	17,153
6 months to 1 year	43%	53,487	22,920
More than 1 year	100%	23,309	23,309
		819,062	89,322

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

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

Trade receivables consist of a large number of customers, including major supermarket chains in Armenia.

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

23.3 Liquidity risk analysis

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

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.

2025	Trade payables	Borrowings from related parties	Borrowings from shareholder	Bank borrowings	Total
Weighted average effective interest rate	Interest free	Interest free	13.31%	7.04%	
Less than 6 months	2,071,780	593,616	-	520,610	3,186,006
6 months to 1 year	-	-	-	520,610	520,610
1-2 years	-	-	-	1,041,221	1,041,221
2-5 years	-	-	741,734	9,508,739	10,250,473
More than 5 years	-	-	494,489	7,124,819	7,619,308
	2,071,780	593,616	1,236,223	18,715,999	22,617,618

2024	Trade payables	Borrowings on demand from shareholder	Bank borrowings	Total
Weighted average effective interest rate	Interest free	Interest free	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

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.

The Company has developed a liquidity management policy to meet its operating obligations on time. The Company has entered into a loan agreement with "Hayr ev Vordi Yeremyanner" LLC, according to which the

shareholder agrees to provide the Company with an interest-free loan equivalent to up to USD 9,000,000 as needed.

24 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).

24.1 Fair value measurement of financial instruments

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

Trade receivables and payables, 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.

Fair value of the interest-free borrowings received from related parties at a below-market interest rate is estimated by the discounted cash flows method, using the market interest rates that the Company would have to pay at the reporting date to obtain a borrowing with a similar term and security. The most significant variable is the discount rate. The borrowing received from the shareholder was discounted by 13.3% (the market interest rate published by the Central Bank of the Republic of Armenia for long-term loans denominated in AMD).

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

24.2 Fair value measurement of non-financial assets

Biological assets (Level 2)

The fair value of biological assets belongs to level 2 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 2025.

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	1,500,000
Cow	1,000,000
9 months to 1 year old calf	750,000

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

Cattle	Market value (AMD)
6-9 months old calf	500,000
3-5 months old calf	350,000 - 450,000
Less than 2 months old calf	300,000

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	225,000
4-6 months old breeding sow	225,000
Less than 4 months old consumable piglets	50,000 - 100,000

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	2025	2024
Pigs	52,998	49,385
Cattle	221,175	174,835

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.

25 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 comprising issued capital and accumulated profits and debt, which includes borrowings disclosed in Note 17.

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".

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

	31 December 2025	31 December 2024
Net debt		
Borrowings	15,365,280	15,572,799
Less: subordinated loans	(672,030)	(907,986)
Less: cash and cash equivalents	(27,462)	(70,661)
	14,665,788	14,594,152
Adjusted equity		
Total equity	(613,275)	569,599
Add: subordinated loans	672,030	907,986
	58,755	1,477,585
Net debt to adjusted equity ratio	250	10