

**“STEPAN GISHYAN”  
CHARITABLE FOUNDATION**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022  
AND  
INDEPENDENT AUDITOR’S REPORT**

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## INDEPENDENT AUDITOR'S REPORT

*To the Board of Trustees of "Stepan Gishyan" Charitable Foundation*

### **Opinion**

We have audited the financial statements of "Stepan Gishyan" Charitable Foundation (hereinafter 'Foundation'), which comprise the statement of financial position as at December 31, 2022, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, financial position of the Foundation as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management of Foundation 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

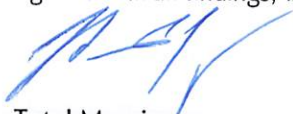
### **Auditor's Responsibilities for the Audit of the Financial Statements**

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 Foundation'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 Foundation'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 Foundation 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 management 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.



**Tatul Movsisyan**

General Director/ Engagement Partner

June 2, 2023

Yerevan, 8 Sevak



*“Stepan Gishyan” Charitable Foundation*  
*Statement of financial position*  
*as of 31 December 2022*

'000 AMD	Note	31/12/22	31/12/21
<b>Assets</b>			
Intangible assets		239	101
Deferred tax asset	14	239	241
<b>Total non-current assets</b>		<b>478</b>	<b>342</b>
Prepayments for inventories and services		5,008	972
Cash	7	2,199	136
Term deposits	8	403,904	398,662
<b>Total current assets</b>		<b>411,111</b>	<b>399,770</b>
<b>Total assets</b>		<b>411,589</b>	<b>400,112</b>
<b>Equity and liabilities</b>			
Retained earnings	9	178,328	151,435
<b>Total equity</b>		<b>178,328</b>	<b>151,435</b>
Profit tax liability		6,305	5,814
Current tax liabilities		2	-
Liabilities for salaries and other short-term benefits		20	14
Grants related to income	10	226,934	242,849
<b>Total current liabilities</b>		<b>233,261</b>	<b>248,676</b>
<b>Total equity and liabilities</b>		<b>411,589</b>	<b>400,112</b>

Director



Anna Gishyan

*“Stepan Gishyan” Charitable Foundation*  
*Statement of profit or loss and other comprehensive income*  
*for the year ended 31 December 2022*

<i>'000 AMD</i>	<i>Note</i>	<i>2022</i>	<i>2021</i>
Income from grants	11	15,915	15,449
Expense from grants	11	(15,915)	(15,449)
Reimbursements to employees		(3,280)	(3,208)
Distribution expenses		(12)	(16)
Other income and expenses	12	(820)	(986)
Finance income	13	37,312	34,503
<b><i>Profit before tax</i></b>		<b>33,200</b>	<b>30,293</b>
Profit tax expense	14	(6,307)	(5,792)
<b><i>Net profit</i></b>		<b>26,893</b>	<b>24,501</b>
<b><i>Total comprehensive income</i></b>		<b>26,893</b>	<b>24,501</b>

Director



Anna Gishyan



*“Stepan Gishyan” Charitable Foundation  
Statement of Changes in Equity  
for the year ended 31 December 2022*

'000 AMD

	<i>Note</i>	<i>Retained earnings</i>	<i>Total</i>
<b>Balance as of 31 December 2020</b>	<b>9</b>	<b>126,934</b>	<b>126,934</b>
Net profit		24,501	24,501
Other comprehensive income		-	-
<i>Total comprehensive income net of tax</i>		<i>24,501</i>	<i>24,501</i>
<b>Balance as of 31 December 2021</b>		<b>151,435</b>	<b>151,435</b>
Net profit		26,893	26,893
Other comprehensive income		-	-
<i>Total comprehensive income net of tax</i>		<i>26,893</i>	<i>26,893</i>
<b>Balance as of 31 December 2022</b>		<b>178,328</b>	<b>178,328</b>

Director



Anna Gishyan

*“Stepan Gishyan” Charitable Foundation  
Statement of cash flows  
for the year ended 31 December 2022*

<i>'000 AMD</i>	<i>Note</i>	<i>2022</i>	<i>2021</i>
<b>Cash flows from operating activities</b>			
Receipts from grants	10,11	-	3,756
Other receipts		37	1
Payments for works, services		(978)	(674)
Payments to and on behalf of employees		(3,272)	(3,259)
Payments of profit tax		(5,814)	(5,325)
Donation		(20,000)	(3,996)
<b>Net cash flows from operating activities</b>		<b>(30,026)</b>	<b>(9,497)</b>
<b>Cash flows from investing activities</b>			
Repayment of deposits	8	407,089	380,264
Investment of deposits	8	(375,000)	(373,000)
<b>Net cash flows from investing activities</b>		<b>32,089</b>	<b>7,264</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Total net cash flows</b>		<b>2,063</b>	<b>(2,233)</b>
Cash balance as of 1 January		136	2,369
Cash balance as of 31 December		2,199	136

Director



Anna Gishyan



## **1. Background**

### **1.1. Description and activity**

“Stepan Gishyan” Charitable Foundation (hereinafter also “Foundation”) has been founded on October 23, 2015 on the means and efforts of ACBA-CREDIT AGRICOLE BANK CJSC (currently ACBA BANK OJSC), French CREDIT AGRICOLE S.A. Bank, National Federation of Credit Agricole and Samson Gishyan.

The aim of the Foundation is to provide support to:

- the development of Armenian-French relations,
- the development of social-economic, scientific, educational, cultural and health system of RA.

Average headcount of the Foundation was 2 employees in 2022 and, 2 employees in 2021.

The legal address of the Foundation is Yerevan, 1 Byron str., where the administrative office is located.

The founders of the Foundation are:

- ACBA-CREDIT AGRICOLE BANK CJSC (currently ACBA BANK OJSC),
- French CREDIT AGRICOLE S.A. Bank,
- National Federation of Credit Agricole,
- Samson Gishyan.

### **1.2. Structure and management**

The Foundation’s senior governing body is the board of trustees of the Foundation, which has the right of final solution of any issue relating the Foundation’s management and operation. The members of the board of trustees of the Foundation are five.

- Hakob Andreasyan (board chairman),
- Styopa Zaqinyan (board member),
- Maya Atig (board member),
- Philippe Leonard (board member),
- Hrayr Aslanyan (board member).

The Foundation's current operation is managed by the director.

The director of the Foundation discharges day-to-day responsibilities and other authorities delegated by the board of trustees.

## **2. Compliance with IFRSs**

Financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS).

## **3. Functional and presentation currency**

The national currency of the RA is Armenian Drams (“AMD”), which is the functional and presentation currency of the Foundation.

Financial information presented in AMD has been rounded to the nearest thousand.

## **4. Summary of significant accounting policies**

### **4.1. Basis of measurement**

The financial statements have been prepared on the historical cost basis except for some financial assets that are measured at fair value.

### **4.2. Property, plant and equipment**

Each separable part of the property, plant and equipment is being accounted for as a separate item when its historical cost is material in the overall cost of the property, plant and equipment or has significantly varying consumption model of economic benefits or has significantly varying useful life.

#### Measurement at recognition

An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost, which is the cash price equivalent at the recognition date. If payment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognised as interest over the period of credit unless such interest is capitalised

Elements of cost are particularly: its purchase price, import duties and non-refundable purchase taxes and other mandatory payments, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Launching and similar pre-industrial costs are not included in the cost of property, plant and equipment. In determining the cost trade discounts and rebates are deducted.

#### Measurement after recognition

After recognition as an asset, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and impairment losses.

#### Depreciation

A straight-line depreciation method is applied to all items of PPE.

In determining the useful life of PPE all the following factors are considered:

- a) expected usage of the asset by the Foundation,
- b) expected physical wear and tear,
- c) technical obsolescence,
- d) legal or similar limits on the use of PPE.

Depreciation of an asset begins when it is available for use, ie when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date that the asset is derecognised. A straight-line depreciation method is used to allocate the depreciation amount of PPE on a systematic basis over its useful life.

#### Subsequent costs

Subsequent costs related to the item of property plant and equipment are added (capitalised) to its carrying amount if such costs meet the recognition criteria. The costs of the day-to-day servicing of the item are not added (not capitalised) to the carrying amount of PPE.

#### Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:

- (a) on disposal; or
- (b) when no future economic benefits are expected from its use or disposal.

### **4.3. Inventories**

#### Initial measurement

At the initial recognition inventories are measured at (historical) cost.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

#### Cost formulas

The cost of inventories of items that are not interchangeable and goods or services produced and segregated for specific projects is calculated by determining specific products costs.

The cost of interchangeable inventories is determined from the “First in first out” (FIFO) formula.

#### Subsequent measurement

Inventories are measured at the lower of cost and net realizable value.

#### **4.4. Financial assets**

##### Recognition

The Foundation recognises a financial asset, when the Foundation becomes a party to the contractual provisions of the instrument.

##### Derecognition

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or if the entity transfers substantially all the risks and rewards of ownership of the financial asset.

##### Classification and initial measurement

Financial assets are initially measured at fair value plus transaction costs.

Financial assets are classified as accounted amortized costs.

The classification is characterized by the Foundation’s business model for managing financial assets and and contractual cash flow characteristics of financial assets.

##### Subsequent measurement

Financial assets are accounted for in accordance with amortised cost if the assets meet the following criteria (and are not classified at fair value through profit or loss):

- they are held within a business model whose objective is to hold financial assets and to collect their 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 the initial recognition the assets are measured at amortised cost applying effective interest rate.

##### Impairment

To recognize expected credit losses “Expected credit losses model” is applied for future information. The Foundation should consider reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring expected credit losses.

Impairment of financial assets is recognised in stages: Stage 1—as soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (ie without deduction for expected credit losses); Stage 2—if the credit risk increases significantly and is not considered low, full lifetime expected credit losses are recognised in profit or loss. The calculation of interest revenue is the same as for Stage 1; Stage 3—if the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortised cost (ie the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognised on these financial assets.

##### Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Bank overdrafts which are repayable on demand form an integral part of the Foundation’s cash management and as a component are included in the cash and cash equivalents in the statement of cash flows and in the statement of financial position-in the liabilities.

#### **4.5. Financial liabilities**

##### Recognition

The Foundation recognises a financial liability, when the Foundation becomes a party to the contractual provisions of the instrument.

#### Derecognition

The Foundation derecognises a financial liability (or part of a financial liability) when, it is extinguished—ie when the obligation specified in the contract is discharged or cancelled or expires. The difference between derecognized financial liability and the paid or payable consideration is recognized in profit or loss.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

#### Classification

Categories of financial liabilities are the following:

- financial liabilities measured at fair value through profit or loss
- other financial liabilities.

### **4.6. Short-term employee benefits**

When an employee has rendered a service to the Foundation during an accounting period, the Foundation recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- a) as a liability, after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Foundation recognises that excess as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- b) as an expense, unless IFRS requires or permits the inclusion of the benefits in the cost of another asset (for example; inventories, PPE)

The Foundation recognises the expected cost of short-term employee benefits in the form of compensated absences as follows:

- a) in the case of accumulating compensated absences (for example; vacation), when the employees render service that increases their entitlement to future compensated absences; and
- b) in the case of non-accumulating compensated absences (temporary invalidity), when the absences occur.

The Foundation measures the expected cost of accumulating compensated absences as the additional amount that the Foundation expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. Moreover a part of mandatory social insurance payments are included in these calculations.

### **4.7. Revenue**

The Foundation’s income is from term deposits’ interest and grants.

Interest is recognised using the effective interest method.

### **4.8. Grants**

#### Recognition

Grants are recognised when there is reasonable assurance that:

- a) the Foundation will comply with the conditions attaching to them; and
- b) the grants will be received.

#### Presentation

Grants are presented in the statement of financial position as deferred revenue.

#### Accounting for

Grants are recognised in profit or loss on a systematic basis over the periods in which the Foundation recognises as expenses the related costs for which the grants are intended to compensate.

Grant that is provided to the Foundation as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

Repayment

Grant that becomes repayable shall be accounted for as a change in accounting estimate. Repayment of a grant related to income is applied first against any unamortised deferred credit recognised in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or when no deferred credit exists, the repayment is recognised immediately in profit or loss.

#### **4.9. The effects of changes in foreign exchange rates**

Functional currency

The Foundation considers the following factors in determining its functional currency:

- (a) the currency:
  - that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled); and
  - of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services.
- (b) the currency that mainly influences labour, material and other costs of providing goods or services (this will often be the currency in which such costs are denominated and settled).

The functional currency of the Foundation is AMD.

Initial recognition

A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

The average foreign currency exchange rate established in the currency market is accepted as a spot exchange rate.

	<i>31.12.2022</i>	<i>31.12.2021</i>
	<i>AMD</i>	<i>AMD</i>
1 USD	393.57	480.14
1 EURO	420.06	542.61

Reporting at the ends of subsequent reporting periods

At the end of each reporting period:

- (a) foreign currency monetary items are translated using the closing rate;
- (b) non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- (c) non-monetary items that are measured at fair value in a foreign currency are translated/remeasured (presented) using the exchange rates at the date when the fair value was determined.

Recognition of exchange differences

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

#### **4.10. Income tax**

Current tax

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from the budget) the budget, using the tax rates (and normative legal acts regulating tax relations) that have

Deferred tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and normative legal acts regulating tax relations) that have been enacted or substantively enacted by the end of the reporting period.

If there is no other information, the Foundation applies 18% rate on a deferred tax liability and on deductible temporary differences used.

Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is checked (reviewed) as of each reporting date. The Foundation reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit is available.

Presentation as income or an expense

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that relates to the items recognised in the same or other period:

- (a) to other comprehensive income, in which case it shall be recognized in other comprehensive income
- (b) directly to equity, in which case it shall be recognized in equity.

The Foundation presents the items of profit or loss, other comprehensive income and equity deducting relevant tax results.

Offsetting

The Foundation offsets current tax assets and current tax liabilities if, and only if, the Foundation:

- a) has a legally enforceable right to set off the recognised amounts; and
- b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Foundation offsets deferred tax assets and deferred tax liabilities if, and only if:

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - I. the same taxable entity (taxable unit); or
  - II. different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**4.11. Errors**

The Foundation corrects material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

**4.12. Changes in accounting estimates**

The effect of a change in an accounting estimate, other than below stated, is recognised prospectively by including in net profit or loss:

- (a) the period of the change, if the change affects that period only; or



(b) the period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it is recognised by adjusting the carrying amount of the related asset, liability or equity item in the period of the change.

When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate with appropriate disclosure.

#### **4.13. Changes in accounting policies**

The Foundation changes an accounting policy only if the change:

- (a) is required by an IFRS; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the Foundation’s financial position, financial performance or cash flows.

When the Foundation applies a new accounting policy retrospectively, it applies the new accounting policy to comparative information for prior periods as far back as is practicable. Retrospective application to a prior period is not practicable unless it is practicable to determine the cumulative effect on the amounts in both the opening and closing statements of financial position for that period. The amount of the resulting adjustment relating to periods before those presented in the financial statements is made to the opening balance of each affected component of equity of the earliest prior period presented. Usually the adjustment is made to retained earnings. However, the adjustment may be made to another component of equity (for example, to comply with another IFRS).

When it is impracticable for the Foundation to apply a new accounting policy retrospectively, because it cannot determine the cumulative effect of applying the policy to all prior periods, the Foundation applies the new policy prospectively from the start of the earliest period practicable. It therefore disregards the portion of the cumulative adjustment to assets, liabilities and equity arising before that date. Changing an accounting policy is permitted even if it is impracticable to apply the policy prospectively for any prior period.

#### **4.14. Events after the Reporting Period**

The Foundation adjusts the amounts recognised in its financial statements to reflect adjusting events after the reporting period.

The Foundation does not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting period.

### **5. Significant accounting judgements and major sources of estimation uncertainty**

Preparation of financial statements in compliance with IFRSs requires management to make judgments, estimates and assumptions that significantly affect the amounts recognized in the financial statements. Estimates and underlying assumptions are reviewed.

**Going concern.** Management prepared these financial statements on a going concern basis. In making this judgement management considered the Foundation’s financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of the macro-economic developments on the operations of the Foundation.

**Initial recognition of related party transactions.** In the normal course of business, the Foundation enters into transactions with its related parties. IFRS 9 requires initial recognition of financial instruments based on their fair values. Judgement is applied in determining if transactions are priced at market or non-market interest rates, where there is no active market for such transactions. The basis for judgement is pricing for similar types of transactions with unrelated parties and effective interest rate analyses.

**ECL measurement.** Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default,

SICR, probability of default (“PD”), exposure at default (“EAD”), and loss given default (“LGD”), as well as models of macro-economic scenarios.

**Significant increase in credit risk (“SICR”).** In order to determine whether there has been a significant increase in credit risk, the Foundation compares the risk of a default occurring over the life of a financial instrument at the end of the reporting date with the risk of default at the date of initial recognition. The assessment considers relative increase in credit risk rather than achieving a specific level of credit risk at the end of the reporting period.

## 6. New and amended IFRSs

A number of new standards and amendments to the existing standards are effective from 1 January 2022, According to management's assessment, the following changes do not have a material effect on the Company's financial statements.

- COVID-19 – Related Rent Concessions (Amendments to IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements (2018-2020 Cycle):

Property, Plant and Equipment – Proceeds before Intended use (Amendments to IAS 16).

A number of new standards and changes to standards were not in effect as of December 31, 2022, and were not applied in the preparation of these financial statements. However, it is important to note that the following standards and amendments may have an impact on the Group's financial position and operations. The Group intends to apply these standards and their amendments for annual periods beginning on or after the effective date.

- Amendments to IAS 1: Effective from January 1, 2023
- Amendments to IAS 12: Effective from January 1, 2023
- Amendments to IAS 8: Effective from January 1, 2023
- IFRS 17: Effective from January 1, 2023

## 7. Cash

'000 AMD

	<i>Balance</i> <i>31.12.2022</i>	<i>Balance</i> <i>31.12.2021</i>
<b>Total, including:</b>	<b>2,199</b>	<b>136</b>
• Local currency bank account	2,199	136

## 8. Term deposits

'000 AMD

	<i>Balance</i> <i>31.12.2022</i>	<i>Balance</i> <i>31.12.2021</i>
<b>Total, including:</b>	<b>403,904</b>	<b>398,662</b>
<i>Related parties</i>	<i>403,904</i>	<i>398,662</i>

Term deposits are invested in Armenian bank (a related party) with 9.5% interest rate and up to year 2022 repayment schedules. The loss allowance for expected credit losses on a term deposits amounted to AMD 1,306 thousand as of 31.12.2022 (AMD 1,324 hundred in 31.12.2021).

## 9. Equity

Equity comprises:

- Retained earning of the previos years with the amount of AMD 151,435 thousand,
- Net profit of the reporting period with the amount of AMD 26,893 thousand.

**10. Grants related to income**

'000 AMD	<i>Balance</i>			<i>Balance</i>			<i>Balance</i>
	<i>31.12.2020</i>	<i>Increase</i>	<i>Decrease</i>	<i>31.12.2021</i>	<i>Increase</i>	<i>Decrease</i>	<i>31.12.2022</i>
Total, including	<b>258,298</b>	-	<b>(15,449)</b>	<b>242,849</b>	-	<b>(15,915)</b>	<b>226,934</b>
-Grants related to income	258,298	-	(15,449)	242,849	-	(15,915)	226,934

Grants related to income have

- increased due to grants related to income from founders and other grantees,
- decreased from the recognition of income from grants related to assets (to the extent of depreciation).

**11. Grants**

**Income from grants**

'000 AMD	<i>2022</i>	<i>2021</i>
Total, including	<b>15,915</b>	<b>15,449</b>
• grants related to income:	15,915	15,449
<i>Grant projects</i>	15,915	15,449
<i>Grant expenses</i>	-	-

**Expenses from grants**

'000 AMD	<i>2022</i>	<i>2021</i>
Total, including	<b>(15,449)</b>	<b>(15,449)</b>
- <i>Step Forward Social NGO</i>	-	<i>(4,000)</i>
- <i>The Armenian Genocide Museum-Institute</i>	-	<i>(3,780)</i>
- <i>Artissimo Cultural NGO</i>	-	<i>(3,396)</i>
- <i>Xbionics LLC</i>	<i>(952)</i>	<i>(3,043)</i>
- <i>Sustainable Development Initiative Public Organization</i>	<i>(1,730)</i>	<i>(1,230)</i>
- <i>Development and partnership foundation</i>	<i>(4,893)</i>	-
- <i>"Erebuni" historical and archaeological museum-reserve</i>	<i>(4,000)</i>	-
- <i>Qayl Tech LLC</i>	<i>(2,485)</i>	-
- <i>Full life inclusive society promotion NGO</i>	<i>(1,855)</i>	-

**12. Other income and expenses**

<i>'000 AMD</i>	<b>2022</b>	<b>2021</b>
<b>Other income (expenses), total, including</b>	<b>(820)</b>	<b>(986)</b>
• Audit and consultancy expenses	(600)	(600)
• Depreciation	(158)	(146)
• Office expenses	(80)	(62)
• Costs of banking services	-	(5)
• Revenue (expenditure) from the impairment reserve	18	(173)

**13. Financial income**

<i>'000 AMD</i>	<b>2022</b>	<b>2021</b>
<b>Financial income, total, including</b>	<b>37,312</b>	<b>34,503</b>
• Related parties	37,312	34,503

Financial income is interest income on term deposit (Note 8).

**14. Profit tax**

<i>'000 AMD</i>	<b>2022</b>	<b>2021</b>
<b>Profit tax amount recognised in profit (loss), including:</b>	<b>(6,307)</b>	<b>(5,792)</b>
○ Current tax	(6,305)	(5,814)
○ Deferred tax	(2)	22

*'000 AMD*

<b><i>Numerical reconciliation between the average effective tax rate and the applicable tax rate</i></b>	<b>2022</b>	<b>2021</b>
Applicable tax rate	18%	18%
Profit before tax	33,200	30,293
Non-deductable expenses / non-taxable income	(1,827)	(2,007)
Taxable profit	35,027	32,300
Current tax	6,305	5,814
Average effective tax rate	19,0%	19,2%

**Deferred tax asset**  
*'000 AMD*

	<b>31.12.2022</b>		
	<i>Carrying amount</i>	<i>Tax base</i>	<i>(+)Taxable temporary difference (-) Reducing (deductible) temporary difference</i>
Financial assets	403,904	399,986	(1,306)
Liability for salary and other short-term benefits	20	-	(20)
<b>Total</b>			<b>(1,326)</b>
<b>Deferred tax asset</b>			<b>239</b>

	<b>31.12.2021</b>		
	<i>Carrying amount</i>	<i>Tax base</i>	<i>(+)Taxable temporary difference (-) Reducing (deductible) temporary difference</i>
Financial assets	398,662	399,986	(1,324)
Liability for salary and other short-term benefits	14	-	(14)
<b>Total</b>			<b>(1,338)</b>
<b>Deferred tax asset</b>			<b>241</b>

In the item “Financial assets” temporary difference occurred from the estimation of expected credit losses on term deposits.

In the item “Liability for salaries and other short-term benefits” temporary difference occurred on accumulated refundable absences.

There are no reducing (deductible) temporary differences, unused tax losses and tax discounts for which no deferred tax asset is recognised in the statement of financial position.

**15. Classification (analysis) of expenses recognized in profit or loss with expenses classified by nature**

<i>'000 AMD</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
Income from grants	11	15,915	15,449
Other income	12	18	-
Financial income	13	37,312	34,503
Salary and other short-term benefits		(3,273)	(3,208)
Other operating expenses		(16,772)	(16,451)
<b>Profit before tax</b>		<b>33,200</b>	<b>30,293</b>
Profit tax expense	14	(6,307)	(5,792)
<b>Net profit</b>		<b>26,893</b>	<b>24,501</b>

## 16. Classification of financial instruments

### Financial assets

<i>'000 AMD</i>	<i>Balance</i> <i>31.12.2022</i>	<i>Balance</i> <i>31.12.2021</i>
<b>Total financial assets measured at amortized cost, including</b>	<b>406,103</b>	<b>378,798</b>
• term deposits	403,904	398,662
• cash	2,199	136

### Financial liabilities

<i>'000 AMD</i>	<i>Balance</i> <i>31.12.2022</i>	<i>Balance</i> <i>31.12.2021</i>
<b>Total financial assets measured at amortized cost, including</b>	-	-
• Trade payables	-	-

## 17. Financial risk management objectives and policy

### Credit risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation is exposed to credit risk related to investment activity (deposits).

The Foundation doesn't require security for credits. Maximum exposure to credit risk is carrying amount of financial assets on the reporting date.

### Liquidity risk

The risk that the Foundation will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Foundation implements control over the risk of shortage of cash using continuing liquidity planning instrument.

### Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

### Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

### Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Changes in interest rate mainly affect deposits changing either their fair value (fixed rate financial instrument) or their future cash flows (floating rate financial instrument).

The invested deposits are in fixed rates.

### Other price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The effect of other price risk is not significant.



## 18. Related party disclosures

### Nature of related party relationships

Name	Nature
Founders of Foundation	ACBA-CREDIT AGRICOLE BANK CJSC (currently ACBA BANK OJSC), French CREDIT AGRICOLE S.A. Bank, National Federation of Credit Agricole, Samson Gishyan.

### Transactions with related parties

In the reporting period the Foundation has invested term deposits (which in particular are disclosed in Note 8 of this report) in ACBA-CREDIT AGRICOLE BANK CJSC (currently ACBA BANK OJSC) which is a related party.

### **Employee benefits for key management personnel**

Short-term benefits (salary) for key management personnel made up AMD 3,273 thousand in 2022 and AMD 3,208 thousand in 2021. There were no other employee benefits for key management personnel.

## 19. Contingences

### **Insurance**

Insurance is in the development stage in RA. Insurance instruments used in developed countries are imported.

As of at the end of the reporting year the Foundation carried out health insurance of the employees.

Until a complete insurance of assets is carried out, there is a risk that loss or abolition of certain assets can have a negative effect on the financial position and financial performance of the Foundation.

### **Legal actions**

As of 31 December, 2022, as well as until the date of approval of this financial statement, there were no legal actions against the Foundation.

### **Guaranties**

There are no guaranties given and (or) received by the Foundation.

## 20. Events after the Reporting Period

On 24 February, 2022 Russo-Ukrainian military conflict has begun as a result of which there are tens of thousands of victims, several millions of people have been displaced or relocated and the economic activity of the country has been disrupted, the economy, infrastructures have suffered a lot.

In response many countries, including the EU, Switzerland, Great Britain, the USA, Canada, Japan and Australia have applied economic sanctions against Russia (in some cases against Belarus).

Apart from sanctions, a number of large stateowned enterprises have stated about voluntary actions limit their business activities with Russia and Belarus. Such actions also include disposal of assets or termination of activities in Russia/Belarus, reduction of export/import to the mentioned countries and termination of services.

Russo-Ukrainian military conflict and events as a result of this conflict occur in the period of global economic significant ambiguity and instability, and the consequences are likely to affect and deteriorate current market conditions.

The negative impact of the aforementioned circumstances on global economic and large financial market may indirectly have some impact on the Company's activity as well. It is not possible to evaluate the overall impact of the aforementioned circumstances on the Company's activity, however, the Company considers that these

circumstances will not have any significant impact on the Company's financing as well as current activity and implementation of projects.

Other adjusting events or significant non-adjusting events did not occur between the reporting date (31.12.2022) and the ratification (signature) date (02.06.2023).

**21. Ratification of financial statements**

Financial Statements were approved by management on June 2, 2023, and were signed on its behalf by Director Anna Gishyan.

Director  

Anna Gishyan