

TELECOM Armenia OJSC

**Financial Statements
for 2025**

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Independent Auditors' Report

To the Board of Directors and Shareholders of TELECOM Armenia OJSC

Opinion

We have audited the financial statements of TELECOM Armenia OJSC (the "Company"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, 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 (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (*IESBA Code*) as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements in the Republic of Armenia. We have also fulfilled our other ethical responsibilities in accordance with these 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.

Key Audit Matters

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

Revenue recognition	
Please refer to Note 23 in the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>Revenue generated in the billing system is a material amount consisting of a high volume of individually low-value transactions. The Company uses billing system to calculate revenue; revenue data is manually transferred from the billing system to the accounting software. Thus, the Company relies on the data processed by the billing system.</p> <p>In addition, the Company earns revenue through a number of service provision contracts with wholesale and corporate customers that may contain more than one performance obligation.</p> <p>Complexity of the billing system with high volume of automated transactions but still certain level of manual processing, complexity of application of IFRS 15 accounting standard to the contracts with wholesale and corporate customers, combined with the always present inherent risk of the Company intentionally overstating the revenue to present better financial performance, result in the manipulation of revenue recognition being an area of audit focus and, hence, a key audit matter.</p>	<p>We have performed the following audit procedures to address the key audit matter:</p> <p>Evaluated, with the assistance of our own IT specialists, the design and implementation and tested the operating effectiveness of key internal automated application controls and related General IT controls over the billing system;</p> <p>Evaluated the design and implementation and tested the operating effectiveness of key internal manual controls over the billing system;</p> <p>Performed a reconciliation of revenue as per the billing system to the accounting software and financial statements;</p> <p>Reconciled revenue, considering the effect of changes in related receivables' and deposits' balances, to the bank payments' register and confirmations received directly from banks and payment operators;</p> <p>Performed analytical procedures over key revenue streams by developing expectations basing on the key data inputs (tariffs, number of subscribers, traffic volume) and compared them to the recorded amounts of revenue. We tested reliability of data inputs by testing relevant automated controls and by inspecting, on a sample basis, internal and external supporting documentation;</p> <p>Tested, on a sample basis, manual corrections recorded in the billing system by inspecting the related supporting internal documents and assessing appropriateness of corrections under IFRS Accounting Standards;</p> <p>To incorporate an element of unpredictability in our audit approach, on a sample basis, directly contacted customers and agreed their tariff plans to the billing system;</p> <p>Inspected the contracts with wholesale and corporate customers, on a sample basis, and recalculated the revenue based on IFRS 15 requirements.</p> <p>we also assessed whether the financial statements disclosures appropriately reflect IFRS 15 requirements.</p>
Other Matter	

The financial statements of the Company as at and for the year ended 31 December 2024 were audited by other auditors who expressed an unmodified opinion on those statements on 30 May 2025.

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, 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.

Auditors' 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 auditors' 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 scepticism 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is:



Irina Gevorgyan
Managing Partner, Director of KPMG Armenia LLC



KPMG Armenia LLC
2 May 2026



Statement of Financial Position as at 31 December 2025

'000 AMD	Note	31 December 2025	31 December 2024
Assets			
Property, plant and equipment	7	31,347,293	29,269,571
Investment property	8	6,097,112	6,097,112
Intangible assets	9	13,579,489	12,264,582
Prepayments for indefeasible right-of-use (IRU)	10	1,879,343	1,175,414
Right-of-use assets	18	9,875,639	5,921,387
Prepayments for non-current assets	7	1,750,984	1,892,432
Loans issued	11	16,568,547	19,629,859
Deferred income tax assets	29	822,823	1,360,417
Contract assets		44,807	58,084
Investments in equity instruments		120,289	198,914
Non-current assets		82,086,326	77,867,772
Inventories	12	922,315	651,030
Trade receivables	13	9,290,610	9,652,024
Advances and contract assets	14	2,347,794	3,036,999
Taxes receivable		75,096	430,308
Term deposit		-	673,914
Cash and cash equivalents	15	9,134,776	7,905,458
Current assets		21,770,591	22,349,733
Total assets		103,856,917	100,217,505
Equity			
Share capital	16	22,837,709	22,837,709
Share premium		4,240,000	4,240,000
Retained earnings		13,264,229	12,194,787
Reserve capital		3,425,656	3,425,656
Total equity		43,767,594	42,698,152
Liabilities			
Bonds issued	17	28,206,537	28,967,505
Other financial payables	21	273,157	2,225,869
Lease liabilities	18	5,443,034	3,870,684
Provisions for asset retirement obligations	20	1,788,406	1,740,060
Advances received and contract liabilities	22	2,431,051	1,758,067
Non-current liabilities		38,142,185	38,562,185
Bonds issued	17	100,914	184,547
Lease liabilities	18	2,650,802	2,039,264
Trade and other financial payables	21	13,215,279	10,675,835
Provisions for liabilities and charges		25,617	35,479
Payables to staff		1,194,618	1,223,856
Advances received and contract liabilities	22	4,292,692	4,263,868
Taxes payable		467,216	534,319
Current liabilities		21,947,138	18,957,168
Total liabilities		60,089,323	57,519,353
Total equity and liabilities		103,856,917	100,217,505

Statement of Changes in Equity for 2025

'000 AMD	Share capital	Share premium	Retained earnings	Reserve capital	Total
Balance at 1 January 2024	22,837,709	4,240,000	10,770,742	3,425,656	41,274,107
Total comprehensive income					
Profit for 2024	-	-	1,424,045	-	1,424,045
Total comprehensive income for the year	-	-	1,424,045	-	1,424,045
Balance at 31 December 2024	22,837,709	4,240,000	12,194,787	3,425,656	42,698,152
Balance at 1 January 2025	22,837,709	4,240,000	12,194,787	3,425,656	42,698,152
Total comprehensive income					
Profit for 2025	-	-	1,069,442	-	1,069,442
Total comprehensive income for the year	-	-	1,069,442	-	1,069,442
Balance at 31 December 2025	22,837,709	4,240,000	13,264,229	3,425,656	43,767,594

Statement of Cash Flows for 2025

'000 AMD	Note	2025	2024
Cash flows from operating activities			
Cash received from customers		37,146,595	36,637,874
Cash proceeds from rent		1,409,252	1,583,782
Cash proceeds from sale of other inventory		1,362,858	319,252
Interest received		29,358	128,174
Cash paid to suppliers		(18,224,545)	(14,812,459)
Cash paid to staff		(7,942,772)	(7,041,425)
Taxes other than on income tax paid		(4,654,169)	(4,224,105)
Interest paid		(2,431,587)	(2,297,730)
Cash paid for other operating activities		(100,207)	(61,073)
Net cash from operating activities		6,594,783	10,232,290
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		(10,828,792)	(10,567,249)
Proceeds from the sale of property, plant and equipment		5,200,695	31,810
Investments in equity		-	(200,000)
Repayment received on loans issued		4,000,000	-
Repayment received on bank deposits		1,791,429	1,530,000
Placement of bank deposits		(1,104,117)	(833,256)
Net cash used in investing activities		(940,785)	(10,038,695)
Cash flows from financing activities			
Proceeds from issuance of bonds		-	28,884,072
Proceeds from bank loans		-	1,571,750
Repayments of bank loans		-	(20,076,440)
Lease principal repayments		(4,380,346)	(3,650,350)
Net cash used in financing activities		(4,380,346)	6,729,032
Net change in cash and cash equivalents		1,273,652	6,922,627
Cash and cash equivalents at 1 January		7,905,458	989,762
Effect of movements in exchange rates on cash and cash equivalents		(44,334)	(6,931)
Cash and cash equivalents at 31 December		9,134,776	7,905,458

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1. Reporting entity

(a) Organisation and operations

These financial statements have been prepared for the year ended 31 December 2025 for TELECOM Armenia OJSC (the “Company”).

The Company was incorporated and is domiciled in the Republic of Armenia. The Company is an open joint stock company limited by shares and was set up in accordance with regulations of the Republic of Armenia.

The Company was originally established in 1995 as ArmenTel, a majority state owned enterprise with a decree to be the first and sole provider of integrated telecommunications services in the Republic of Armenia. In 2006, ArmenTel has become a wholly owned subsidiary of the international telecommunications company, VEON Ltd. (former VimpelCom Ltd, rebranded as VEON in 2017), renounced all its legal monopoly rights to service provision and fully integrated into its Beeline brand by 2008, beginning to operate as Beeline Armenia. In 2020, VEON divested out of Beeline Armenia, selling its entire stake to Team LLC. On 28 October 2020, 100% of the Company’s shares were sold to TEAM LLC, which is a legal entity registered in the Republic of Armenia. On 16 November 2020 VEON Armenia CJSC was renamed to TELECOM Armenia CJSC. On 30 December 2021 TEAM LLC was reorganized to TEAM CJSC. On 11 April 2023 the Company was restructured from CJSC to OJSC. On 2 June 2023 the Company begin initial public offering (IPO) process in Armenian Stock Exchange and issued 40 million shares with a total value of 8 billion 240 million drams in the period from June 7 to 31 October 2023.

As of 31 December 2025 and 2024, the Company’s immediate and ultimate parent company was TEAM CJSC and the Company was ultimately controlled by brothers Hayk and Aleksander Yesayan.

Principal activity. Since May 2022 the Company operates under “Team” brand. The Company earns revenues by providing telecommunication services through a range of mobile and fixed-line technologies and selling customer equipment.

The Company is governed by the General Meeting of Shareholders, the Board of Directors and the Chief Executive Body of the Company represented by the General Director.

Registered address and place of business. The Company’s registered address is #24/1 Azatutyan Avenue, Yerevan 0014, Republic of Armenia. The Company’s principal place of business is the territory of the Republic of Armenia.

(b) Armenian business environment

The Company’s operations are primarily located in Armenia. Consequently, the Company is exposed to the economic and financial markets of Armenia which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Armenia. Additionally, continuous military conflicts between Armenia and Azerbaijan eventually leading to Azerbaijan remaining in effective control of Nagorno-Karabakh territory in September 2023 and ongoing military conflict between the Russian Federation and Ukraine have increased the level of uncertainty in the business environment. In August 2025, Armenia and Azerbaijan signed a Joint Declaration expressing a mutual intention to normalize bilateral relations, including commitments to reduce tensions, advance border delimitation discussions, and promote regional stability.

However, the practical implementation of the declaration and its long-term impact on economic activity remain uncertain.

Additionally, during 2026, geopolitical tensions escalated significantly following military action in the Middle East, including developments involving Iran. These events have increased uncertainty in global financial markets, disrupted supply chains and contributed to volatility in energy prices. The Company continues to assess the potential impact of these developments.

The financial statements reflect management's assessment of the impact of the business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment.

2. Basis of accounting

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

(b) Going concern

Management prepared these financial statements on a going concern basis. In making this judgment management considered the Company's financial position, current intentions, profitability of operations and access to financial resources. The Company had slight excess of current liabilities over its current assets of AMD 176,547 thousand as of 31 December 2025. However the Company has significant positive cash from operating activities and net profit of AMD 1,069,442 thousand for the year ended 31 December 2025. The Company is in regular process of negotiations with suppliers to get better payment terms. These circumstances, along with other factors, allow management to believe that the Company will continue as a going concern for foreseeable future and perform its financial obligations.

3. Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian Dram ("AMD"), which is the Company's functional currency and the currency in which these financial statements are presented. All financial information presented in AMD has been rounded to the nearest thousand, except when otherwise indicated.

4. Use of estimates and judgements

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies.

Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Fair value of loans given. The Company has provided loans to its parent company. The repayment of the loans is substantially dependent on the receipt of future dividends from the Company. Consequently, the management assessed that the loans do not pass the SPPI test as required by IFRS 9 and classified the loans as measured at fair value through profit or loss. The loans are stated at fair value (level 3) as at the reporting dates. Fair value of the loans is determined based on future receipts discounted at an estimated market rate derived from applying the the Company’s estimated credit spread to the risk free rate applicable to Armenian entities in the relevant currency (Note 11) The fair value is sensitive to the changes in the discount rate. If the estimated discount rate was higher by 1%, the fair value of the loan would have been lower by AMD 425,707 thousand (2024: AMD 508,278 thousand).

Valuation of investment property. Investment property is stated at its fair value (level 3) based on reports prepared by a valuation company at the end of the reporting period. The valuation of these properties was based principally on discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Management has reviewed the appraisers’ assumptions underlying the discounted cash flow models used in the valuation, and confirmed that factors such as the discount rate applied have been appropriately determined considering the market conditions at the end of the reporting period. Notwithstanding the above, management considers that the valuation of its investment property is currently subject to an increased degree of judgement and an increased likelihood that actual proceeds on a sale may differ from the carrying value.

The principal assumptions underlying the estimation of the fair value are those relating to: market rentals; occupancy rate; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Company, and those reported by the market.

Lease term. The Company’s lease contracts largely relate to leases of various sites (i.e. land, rooftop surface areas, space in cellular towers, etc.) related to placement of the Company’s telecommunication equipment, as well as lease of branch areas and head office building. The Company recognises right-of-use asset and respective lease liability for the contracts that are long-term either contractually or substantially. Since management applies the judgement in determining the effective lease terms, the lease terms used for IFRS 16 purposes may differ from the contractual minimum lease periods. Summary of differences is as follows:

	Minimum initial contractual lease period	Lease term estimate used for IFRS 16 purposes from transition
Site rentals	1-10 years	7 years
Branch areas	1-5 years	3 years
Equipment	1-5 years	Contract term
Head office	1-3 years	5 years

When measuring lease liabilities for leases, the Company discounts lease payments using its incremental borrowing rate at the date of lease recognition. The weighted-average rate (in AMD) applied in 2025 and 2024 was approximately 12%.

Useful lives of property, plant and equipment. Useful lives of property, plant and equipment are presented in note 7. Management reviews the useful lives at each reporting date and adjusts them if appropriate. Changes in useful lives could materially impact the depreciation expense recorded in the financial statements.

Assumptions to determine the amount of provision for asset retirement obligations. The Company has a legal and contractual obligation to dismantle equipment and restore sites after withdrawal. The total amount of the estimated undiscounted cash flows required to settle the obligation, assessed by the technical team of the Company on the basis of historical information on previous dismantlings and expectations of the costs required, is AMD 5,062,690 thousand (2024: AMD 5,468,671 thousand) considering the effect of average forecasted inflation rate of 3% (2024: 4%) for Armenia. An annual discount rate of 8.7% (2024: 9.9%) was used to discount restoration costs to be made in 12 years' time (2024: 13 years). The timing of provision has been taken based on the license period. The discount rate represents the rate for long-term Armenian government bonds.

Segment reporting. The main activity of the Company is providing telecommunication services through a range of mobile and fixed-line technologies. Other activities include selling customer equipment, etc. and are inseparably connected with the main activity of the Company. The Management Board (the "Management") of the Company is the "chief operating decision maker". Management assesses financial performance based on the key performance indicators of the whole Company. Management of the Company regularly reviews the operating results of the whole Company based on financial information prepared according to IFRS Accounting Standards and makes decisions about resources to be allocated to business activities and assesses the Company's performance. Additionally, the means of controlling and assessing operating managers is carried out at the Company level. Their remuneration depends on the Company's key performance indicators being fulfilled.

As a result, the Company management views the whole Company as one operating segment.

5. New standards and interpretations not yet adopted

Certain amendments and interpretations apply for the first time in 2025, but do not have significant impact on the Company's financial statements and accounting policies.

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

(a) IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

(b) Other accounting standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

6. Comparative information

As at 31 December 2025 the Company corrected the classification of contract liabilities of AMD 1,743,099 thousand previously presented as current liabilities as at 31 December 2024.

As at 31 December 2025 the Company corrected the classification of the loans issued from amortised cost to measured at fair value through profit or loss. The correction did not result in changes to the balance of loans issued as at 31 December 2024 or the net profit for the year then ended. However, the change resulted in the presentation of ECL allowance reported in the previous financial statements as fair value change and correction of the interest income and foreign exchange adjustment (increase in fair value change by AMD 557,247 thousand, increase in net impairment reversals on financial assets charge by AMD 323,241 thousand, decrease in interest income by AMD 127,863 thousand and increase in foreign exchange loss of AMD 752,625 thousand).

Additionally comparative information in the statement of financial position and the statement of profit or loss and other comprehensive income is reclassified to conform to changes in combined presentation of certain line items.

7. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required. Property, plant and equipment includes assets under construction for future use as property, plant and equipment.

Depreciation. Land and construction in progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
- Buildings and structures	20
- Transmitting devices	20
- Plant and equipment	6-10
- Vehicles	5
- Fixture and fittings	10
- Leasehold improvements	Lease term
- Other	6-10

AMD'000	Land	Buildings and structures	Transmitting devices	Plant and equipment	Vehicles	Fixtures and fittings	Other PPE	Leasehold improvements	Construction in progress	Total
Cost										
Balance at 1 January 2024	512,674	15,087,165	48,671,814	93,412,556	2,184,163	2,858,717	20,349	6,424,269	8,040,630	177,212,337
Additions	65,058	359,096	1,635,004	1,337,721	96,597	116,448	42	22,250	4,688,176	8,320,392
Disposals	-	(643)	(601,210)	(2,735,281)	(232,100)	(206,722)	-	(20,747)	(224,776)	(4,021,479)
Transfers	-	280,128	1,928,262	2,706,840	-	48	-	15,057	(4,930,335)	-
Balance at 31 December 2024	577,732	15,725,746	51,633,870	94,721,836	2,048,660	2,768,491	20,391	6,440,829	7,573,695	181,511,250
Balance at 1 January 2025	577,732	15,725,746	51,633,870	94,721,836	2,048,660	2,768,491	20,391	6,440,829	7,573,695	181,511,250
Additions	145,552	542,948	1,659,268	1,424,295	187,726	196,432	54	580,137	2,793,891	7,530,303
Disposals	(85,292)	(1,271,372)	(1,340,784)	(3,560,473)	(76,025)	(137,173)	(3,118)	(162,072)	(709,307)	(7,345,616)
Transfers	551	240,940	912,168	1,478,280	-	2,767	-	25,636	(2,660,342)	-
Balance at 31 December 2025	638,543	15,238,262	52,864,522	94,063,938	2,160,361	2,830,517	17,327	6,884,530	6,997,937	181,695,937
Depreciation and amortization										
Balance at 1 January 2024	-	12,975,424	42,765,564	83,967,116	1,731,487	1,992,249	20,349	5,354,609	2,386,071	151,192,869
Depreciation for the year	-	295,581	1,162,655	2,613,192	156,610	190,901	4	247,222	-	4,666,165
Impairment reversal	-	(114)	-	(360,144)	(263)	(864)	-	-	(13,408)	(374,793)
Disposals	-	(529)	(579,119)	(2,244,436)	(229,059)	(168,672)	-	(20,747)	-	(3,242,562)
Balance at 31 December 2024	-	13,270,362	43,349,100	83,975,728	1,658,775	2,013,614	20,353	5,581,084	2,372,663	152,241,679
Balance at 1 January 2025	-	13,270,362	43,349,100	83,975,728	1,658,775	2,013,614	20,353	5,581,084	2,372,663	152,241,679
Depreciation for the year	-	390,154	1,277,717	1,697,575	159,977	171,318	9	254,659	-	3,951,409
Impairment loss/(reversal)	-	(20,894)	(25,402)	(113,481)	-	(5,464)	-	-	262,925	97,684
Disposals	-	(1,206,093)	(1,295,184)	(3,141,852)	(38,269)	(104,614)	(3,118)	(152,998)	-	(5,942,128)
Balance at 31 December 2025	-	12,433,529	43,306,231	82,417,970	1,780,483	2,074,854	17,244	5,682,745	2,635,588	150,348,644
Carrying amounts										
At 1 January 2024	512,674	2,111,741	5,906,250	9,445,440	452,676	866,468	-	1,069,660	5,654,559	26,019,468
At 31 December 2024	577,732	2,455,384	8,284,770	10,746,108	389,885	754,877	38	859,745	5,201,032	29,269,571
At 31 December 2025	638,543	2,804,733	9,558,291	11,645,968	379,878	755,663	83	1,201,785	4,362,349	31,347,293

Out of the total depreciation charge of AMD 3,951,409 thousand for the year ended 31 December 2025 (2024: AMD 4,666,165 thousand), AMD 3,855,601 thousand is charged to cost of services provided (2024: AMD 4,504,760 thousand), refer to Note 24; and AMD 95,808 thousand is charged to general and administrative expenses (2024: AMD 141,891 thousand), refer to Note 26.

Construction in progress consists of capital expenditure on telecommunication and other equipment. Prepayments for non-current assets, which mainly relate to purchase of telecom equipment and construction works, as of 31 December 2025 amounted to AMD 1,750,984 thousand (2024: AMD 1,892,432 thousand). Material balances were used during the year and new advances were transferred for the new projects.

8. Investment property

Investment property is initially recognised at cost, including transaction costs, and subsequently remeasured at fair value updated to reflect market conditions at the end of the reporting period.

Market value of the Company's investment property is determined based on reports of independent appraisers, who hold recognised and relevant professional qualifications and who have recent experience in the valuation of property in the same location and category.

'000 AMD	2025	2024
Investment property at fair value at 1 January	6,097,112	6,205,118
Expenditure on subsequent improvements	-	30,644
Fair value (loss)/gain, net	-	(138,650)
Investment property at fair value at 31 December	6,097,112	6,097,112

Investment property includes building located at 24/1 Azatutyan Street, Yerevan, Republic of Armenia. During the year ended 31 December 2022 management changed the intention about use of the building and started renting it out to several tenants.

The investment property is valued annually on 31 December at fair value, by an independent, professionally qualified valuator who has recent experience in valuing similar properties in Armenia. Refer to Note 35 for further information about the fair value measurement.

Where the Company is the lessor, the future minimum lease payments receivable under operating leases of investment property is as follows:

'000 AMD	2025	2024
1 year	1,012,697	1,401,781
2 year	647,655	1,401,781
3 year	291,511	-
4 year	127,051	-
Total undiscounted operating lease payments receivable at 31 December	2,078,914	2,803,562

Rental income from investment property for 2025 was AMD1,112,457 thousand (2024: AMD 1,510,985 thousand).

9. Intangible assets

The Company's intangible assets have finite useful lives and primarily include capitalised computer software and licences.

Intangible assets are amortised using the straight-line method over their useful lives:

	Useful lives in years
- Computer software	4 - 12
- Licences	Over the term of the license, but not more than 12
- Other intangible assets	4 - 9.5

'000 AMD	Computer software	Licences	Other IA	IA under development	Total
Cost					
Balance at 1 January 2024	12,151,237	19,253,834	1,331,095	431,760	33,167,926
Additions	892,000	5,724,976	185,355	194,585	6,996,916
Disposals	(53,873)	(423,133)	-	-	(477,006)
Transfers	562,683	63,662	-	(626,345)	-
Balance at 31 December 2024	13,552,047	24,619,339	1,516,450	-	39,687,836
Balance at 1 January 2025	13,552,047	24,619,339	1,516,450	-	39,687,836
Additions	1,102,293	2,008,107	12,083	-	3,122,483
Disposals	(2,387,674)	(4,678,606)	-	-	(7,066,280)
Balance at 31 December 2025	12,266,666	21,948,840	1,528,533	-	35,744,039
Depreciation and impairment losses					
Balance at 1 January 2024	10,938,199	15,274,722	611,430	-	26,824,351
Amortisation for the year	294,059	639,496	126,185	-	1,059,740
Disposals	(47,321)	(413,516)	-	-	(460,837)
Balance at 31 December 2024	11,184,937	15,500,702	737,615	-	27,423,254
Balance at 1 January 2025	11,184,937	15,500,702	737,615	-	27,423,254
Amortisation for the year	400,532	1,228,707	144,469	-	1,773,708
Disposals	(2,365,418)	(4,666,994)	-	-	(7,032,412)
Balance at 31 December 2025	9,220,051	12,062,415	882,084	-	22,164,550
Carrying amounts					
At 1 January 2024	1,213,038	3,979,112	719,665	431,760	6,343,575
At 31 December 2024	2,367,110	9,118,637	778,835	-	12,264,582
At 31 December 2025	3,046,615	9,886,425	646,449	-	13,579,489

Licences includes mainly GSM licenses, licenses to connect to certain frequencies and others.

Out of the total amortisation charge of AMD 1,773,708 thousand for the year ended 31 December 2025 (2024: AMD 1,059,740 thousand), AMD 1,773,708 thousand is charged to cost of services provided (2024: AMD 1,059,657 thousand), refer to Note 24.

10. Prepayments for indefeasible right-of-use (IRU)

'000 AMD	2025	2024
Carrying value at 1 January	1,175,414	352,888
Additions	1,370,387	1,095,244
Prepayments derecognised on receipt of related IRU services	(217,133)	(272,718)
Carrying value at 31 December	2,328,668	1,175,414

The Company's prepayments under IRU contracts are prepayments under contracts for a certain transmission capacity. The Company's share does not represent substantially all of the capacity of the network or any component part. The Company does not obtain the right to use any identified network assets. Instead, it is entitled to certain share of planned capacity. Consequently the Company recognises prepayments at the time of payment and amortises it through cost of sales on receipt of related IRU services. The contracts are signed for 3 and 15 years.

11. Loans issued

Loans issued are classified as FVTPL. Gains and losses from change of fair value are recognised in the statement of profit or loss. Loans are repayable in 2026-2029 and carry a contractual interest rate of 10.77%.

The Company's loans issued are denominated in currencies as follows:

'000 AMD	31 December 2025	31 December 2024
Loans issued denominated in:		
- US dollars	15,756,670	18,807,896
- AMD	811,877	821,963
	16,568,547	19,629,859

The table below sets out the movements in the Company's loans issued for each of the periods presented.

'000 AMD	2025	2024
	Loans at gross amount	Loans at gross amount
Loans issued at 1 January	19,629,859	17,960,531
<i>Cash flows</i>		
Repayment of principal	(4,000,000)*	-
<i>Non-cash changes</i>		
Fair value change	149,238	486,184
Interest accrual	1,542,467	1,521,318
Foreign exchange adjustments	(753,017)	(338,174)
Loans issued at 31 December	16,568,547	19,629,859

* Subsequent to the reporting date the amount was returned to the borrower.

12. Inventories

'000 AMD	2025	2024
Materials and spare parts	712,265	742,888
Goods for resale	718,000	483,853
Fuel	82,242	69,222
Cards	40,384	20,374
Other	76,288	83,837
	1,629,179	1,400,174
Write-down to net realizable value	(706,864)	(749,144)
Total inventories	922,315	651,030

13. Trade receivables

Trade receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

'000 AMD	2025	2024
Trade receivables – subscribers	7,096,133	6,528,945
Trade receivables – roaming	1,079,730	742,494
Trade receivables – interconnect	442,330	606,131
Trade receivables – dealers	115,703	202,944
Trade receivables – other trade	2,451,389	3,465,964
Total trade receivables before credit loss allowance	11,185,285	11,546,478
Less credit loss allowance	(1,894,675)	(1,894,454)
Total financial assets within trade receivables	9,290,610	9,652,024

Trade receivables – Trade receivables in total amount of AMD 2,898,227 thousand (2024: AMD 3,064,429 thousand) for internet traffic services to one of the customers and receivables in total amount of AMD 3,419,854 thousand (2024: AMD 3,408,644 thousand) towards the parent company.

Expected Credit Loss (the “ECL”). The Company assesses, on a forward-looking basis, the ECL for debt instruments measured at amortised cost. The Company measures ECL and recognises net impairment losses on financial assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Company applies the simplified approach (i.e. provision matrix) for calculating a lifetime ECL for its trade receivables, including unbilled receivables, that are assessed on a collective basis. The provision matrix is based on the historical credit loss experience over the life of the trade receivables. Forward looking estimates include macro-economic factors such as GDP and unemployment rates of Armenia. The Company does not apply forward-looking adjustment to its default rates since these macro-economic factors remain uncorrelated to the historical loss rates. The provision matrix is reviewed on a quarterly basis.

The credit loss allowance for trade receivables assessed collectively is determined according to provision matrix presented in the table below. The provision matrix is based on the number of days that an asset is past due. The provision matrix as at 31 December 2025 is presented below:

'000 AMD	Current- not past due	1-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	Over 121 days past due	Total
Trade receivables, gross	2,934,912	335,440	95,211	83,346	77,705	1,340,590	4,867,204
Expected loss rate, %	1%	5%	18%	23%	28%	100%	
Expected credit losses	(13,529)	(15,805)	(16,900)	(19,553)	(21,552)	(1,340,590)	(1,427,929)
Total trade receivables, net	<u>2,921,383</u>	<u>319,635</u>	<u>78,311</u>	<u>63,793</u>	<u>56,153</u>	<u>-</u>	<u>3,439,275</u>

The provision matrix as at 31 December 2024 is presented below:

'000 AMD	Current- not past due	1-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	Over 121 days past due	Total
Trade receivables, gross	3,232,942	339,358	154,268	138,290	106,635	1,101,912	5,073,406
Expected loss rate, %	2%	18%	44%	65%	81%	100%	
Expected credit losses	(67,157)	(59,743)	(67,946)	(90,321)	(86,101)	(1,101,912)	(1,473,180)
Total trade receivables, net	<u>3,165,786</u>	<u>279,615</u>	<u>86,322</u>	<u>47,969</u>	<u>20,534</u>	<u>-</u>	<u>3,600,226</u>

The Company assesses trade receivables from corporate customers with outstanding balance of greater than AMD 1 billion individually. These trade receivables mainly include trade receivables – Other trade in the table above. The Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from Moody's rating agency. The Company calculates an ECL rate for individually assessed trade receivables based on delinquency status and actual credit loss experience over the past two years.

The following table sets out information about exposure to credit risk, ECLs and credit quality of trade receivables assessed individually as at 31 December 2025:

'000 AMD	Lifetime ECL – not impaired 2025	Lifetime ECL – not impaired 2024
Gross trade receivables assessed individually	<u>6,318,081</u>	<u>6,473,072</u>
Expected credit losses	(466,746)	(421,274)
Net trade receivables assessed individually	<u>5,851,335</u>	<u>6,051,798</u>

The following table explains the changes in the credit loss allowance for trade receivables between the beginning and the end of the annual period:

'000 AMD	2025	2024
Allowance for credit losses at 1 January	1,894,454	2,628,070
Movement in ECL charge	174,909	(511,588)
Write offs	(174,688)	(222,028)
Allowance for credit losses at 31 December	1,894,675	1,894,454

Trade receivables of AMD 4,740,051 thousand (2024: AMD 4,142,288 thousand) are denominated in foreign currency out of which 52% in US Dollars (2024: 54%), 8% in Special Drawing Rights-SDR (2024: 7%), and 39% in Euros (2024: 38%).

14. Advances and contract assets

'000 AMD	2025	2024
Advances to suppliers	1,715,169	2,917,067
Prepaid expenses	135,552	74,128
Prepayments for indefeasible right-of-use (IRU), current	449,325	-
Contract assets, current	47,748	45,804
	2,347,794	3,036,999

15. Cash and cash equivalents

'000 AMD	2025	2024
Bank balances payable on demand	9,045,620	7,807,296
Cash in transit	56,195	63,744
Cash on hand	32,961	34,418
	9,134,776	7,905,458

Bank balances are held in top ten reputable banks operating in the Republic of Armenia, the majority of the bank balances are held in banks having a credit rating of B+ by S&P Global. Cash and cash equivalents are all in Stage 1, are neither past due nor impaired and ECL is insignificant.

16. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

'000 AMD	Number of outstanding shares	Ordinary shares	Share premium	Total share capital
At 1 January 2024	228,377,090	0.100	0.106	22,837,709
At 31 December 2024	228,377,090	0.100	0.106	22,837,709
At 31 December 2025	228,377,090	0.100	0.106	22,837,709

The total authorised number of ordinary shares is 228,377 thousand shares (2024: 228,377 thousand shares) with a par value of AMD 100 per share (2024: AMD 100 per share). There are 2 classes of shares A and B. Class A has 1 voting right per 1 share and Class B 1 voting right per 10 shares. All issued ordinary shares are fully paid.

Each shareholder, owner of ordinary shares in the Company, shall be entitled:

- to participate in the general meeting of shareholders with the voting right concerning all issues accordingly to its fully paid-up voting shares,
- to receive dividends,
- to receive their respective share of property in case of Company liquidation,
- in case of increase of the share capital pursuant to the capitalization of the Company's profits, reserves and/or assets prescribed in the Law, to receive free-of-charge newly issued shares, pro rata to their participation in the share capital at that time.

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note. In accordance with Armenian legislation, the Company's distributable reserves are limited to the balance of retained earnings as recorded in the Company's statutory financial statements prepared in accordance with IFRS Accounting Standards.

17. Bonds issued

The Company recognizes borrowings at fair value at initial recognition and subsequently measures them at amortised cost.

The Company's bonds are denominated in currencies as follows:

'000 AMD	31 December 2025	31 December 2024
Borrowings denominated in:		
- US dollars	20,773,575	21,363,872
- AMD	7,533,876	7,788,181
Total borrowings	28,307,451	29,152,052

The Company does not apply hedge accounting in respect of its foreign currency obligations or interest rate exposures.

In December 2024 the Company issued 3 tranches of sustainability-linked, coupon bearing bonds in total amount of AMD 30,096,950 thousand, from which 1st tranche in amount of AMD 18,136,350 thousand (USD 45,000,000), 2nd tranche in amount of AMD 8,060,600 thousand (USD 20,000,000) and 3rd tranche in amount of AMD 3,900,000 thousand. The face value of one Bond is AMD 100 thousand for bonds issued in AMD, and USD 100 for bonds issued in USD. The Company used the bond proceeds to repay the bank loans outstanding at the time of issuance and for capital expenditures as outlined in a respective prospectus.

In connection with the issuance of the bonds, the Company incurred expenses of underwriting fees. These expenses are accounted as transaction costs and are included in the calculation of the effective interest rate of the bonds. These expenses are deferred over the lifetime of the bonds.

Compliance with covenants. The Company has to comply with certain covenants stipulated in the Prospectus of Bonds. As of 31 December 2025 and as of 31 December 2024, the Company was in compliance with covenants. The Management assessed that the Company will be in compliance with all interim debt covenants within 12 months from the reporting date.

18. Right-of-use assets and lease liabilities

Right-of-use assets. Lease contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Right-of-use assets are measured at cost.

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
- Land	7
- Buildings, offices, shops	3 - 5
- Spaces for equipment	7
- Equipment	3 - 7

Lease liabilities. Liabilities arising from a lease are initially measured on a present value basis.

Extension and termination options are included in a number of leases across the Company. These terms are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Generally, the lease payments are discounted using the Company's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, and
- makes adjustments specific to the lease, e.g. term, country, currency and collateral.

The Company leases various offices and technical territories in land and buildings. Lease contracts are typically made for fixed periods of one to ten years.

'000 AMD	Land	Buildings, offices and shops	Equipment	IRU	Total
Balance at 1 January 2024	513,186	3,961,950	1,081,039	-	5,556,175
Depreciation charge for the year	(123,614)	(1,645,511)	(346,834)	-	(2,115,959)
Additions to right-of-use assets	42,627	1,503,602	1,049,125	-	2,595,354
Derecognition of right-of-use assets	(4,654)	(109,529)	-	-	(114,183)
Balance at 31 December 2024	427,545	3,710,512	1,783,330	-	5,921,387
Balance at 1 January 2025	427,545	3,710,512	1,783,330	-	5,921,387
Depreciation charge for the year	(117,475)	(1,811,566)	(694,018)	(38,301)	(2,661,360)
Additions to right-of-use assets	14,219	3,133,428	2,027,826	331,496	5,506,969
Rectification of lease term*	-	1,108,643	-	-	1,108,643
Balance at 31 December 2025	324,289	6,141,017	3,117,138	293,195	9,875,639

* During the preparation of 2025 financial statements the management identified incorrect determination of the lease term for its leased spaces used for equipment. The management recalculated the impact on the right of use asset and the lease liability and given the overall immateriality to the financial statements taken as a whole, adjusted the right of use assets and lease liability prospectively.

The Company enters into IRU agreements for telecommunications capacity. Where such agreements provide the Company with the right to use the full capacity of specifically identifiable network infrastructure, the arrangement conveys control over an underlying asset.

Accordingly, these IRU arrangements are recognised as a right-of-use asset, as they effectively grant the Company exclusive use of the underlying infrastructure for the contractual period.

The Company recognized lease liabilities as follows:

'000 AMD	2025	2024
Lease liabilities, current	2,650,802	2,039,264
Lease liabilities, non-current	5,443,034	3,870,684
Total lease liabilities	8,093,836	5,909,948

Rental of vehicles is short-term and recognised in the statement of profit or loss.

Amounts recognised in profit or loss

'000 AMD	2025	2024
Interest on lease liabilities	770,823	745,988
Expenses relating to short-term leases	-	70,826

Amounts recognised in statement of cash flows

'000 AMD	2025	2024
Total cash outflow for leases	4,380,346	3,650,350

19. Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Company's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

'000 AMD	Bonds issued	Lease liabilities	Total
Liabilities from financing activities at 1 January 2025	29,152,052	5,909,948	35,062,000
<i>Cash flows</i>			
Interest payments	(2,431,587)	(770,823)	(2,431,587)
Repayments of principal		(3,609,523)	
<i>Non-cash changes</i>			
Interest accrual	2,605,547	770,823	2,605,547
New leases	-	4,694,769	4,694,769
Rectification of lease term (Note 18)	-	1,098,642	1,098,642
Foreign exchange adjustments	(1,018,561)	-	(1,018,561)
Liabilities from financing activities at 31 December 2025	28,307,451	8,093,836	34,217,399

'000 AMD	Bonds issued	Bank loans	Lease liabilities	Total
Liabilities from financing activities at 1 January 2024	-	18,997,155	6,326,105	25,323,260
<i>Cash flows</i>				
Loan drawdowns	-	1,571,750	-	1,571,750
Bonds issued	28,884,072	-	-	28,884,072
Repayments of principal	-	(20,076,440)	(3,650,350)	(23,726,790)
Interest payments	-	(2,024,384)	(273,346)	(2,297,730)
<i>Non-cash changes</i>				
Interest accrual	120,287	2,086,401	745,988	2,952,676
New leases	-	-	2,595,353	2,595,353
Foreign exchange adjustments	147,693	(527,968)	-	(380,275)
Derecognition	-	-	(114,182)	(114,182)
Other	-	(26,514)	280,380	253,866
Liabilities from financing activities at 31 December 2024	29,152,052	-	5,909,948	35,062,000

20. Provisions for asset retirement obligations

Estimated costs of dismantling and removing an item of property, plant and equipment (asset retirement obligations) are added to the cost of the item either when an item is acquired or as the item is used during a particular period. When there are changes in the measurement of an existing asset retirement obligation due to changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or from changes in the discount rate, the cost of the related asset is adjusted.

Movements in provisions for asset retirement obligations are as follows:

'000 AMD	Dismantling of equipment and restoring of leased site
Carrying amount at 1 January 2024	1,563,669
Unwinding of the present value discount	175,853
Changes in estimates adjusted against property, plant and equipment (capitalised)	538
Carrying amount at 31 December 2024	1,740,060
Unwinding of the present value discount	171,203
Changes in estimates adjusted against property, plant and equipment (capitalised)	(122,857)
Carrying amount at 31 December 2025	1,788,406

21. Trade and other financial payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

'000 AMD	2025	2024
Payables in respect of:		
– acquired services	5,892,842	6,812,101
– purchased equipment	3,767,699	1,793,894
– purchased intangible assets	1,568,854	591,393
– purchased inventory	713,394	594,933
– roaming services	637,252	500,779
– construction works	576,666	324,229
Accrued professional services	57,600	57,600
Other payables	972	906
Total trade and other financial payables, current	13,215,279	10,675,835

Trade payables of AMD 9,743,928 thousand (2024: AMD 5,948,168 thousand) are denominated in foreign currency out of which, mainly 39% in US Dollars (2024: 52%), 58% in EUR (2024: 44%) and 2% in SDR (2024: 4%).

At of 31 December 2025 non-current Other financial payables include non-current portion of the long term trade payable with supplier of certain equipment with nominal value of AMD 2,768,993 thousand (EUR 6,166,885) (2024: AMD 2,427,248 thousand (EUR 5,864,475) discounted to AMD 2,689,989 thousand at the reporting date (2024: AMD 2,225,869 thousand) and carried at amortized cost applying rate of 6.40%.

22. Advances and contract liabilities

As of 31 December 2025 and 2024 the advances received comprised of the following balances:

'000 AMD	2025	2024
Advances received and contract liabilities with telecom partners	2,393,681	2,288,249
Advances received from subscribers	689,794	762,522
Advances received from leases (the Company is lessor)	340,340	429,176
Advances received from telecom partners for IRU	2,832,817	2,035,129
Deferred income	39,192	19,254
Other advances received and contract liabilities	427,919	487,605
Total advances received and contract liabilities	6,723,743	6,021,935

Contract liabilities include advance consideration received from dark fiber IRU contracts for which revenue is recognised over the contract term and customer advances and deferred revenue which relate to advance consideration received from subscribers, for which the revenue is recognized upon service provision.

The amount of AMD 354,090 thousand recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2025 (2024: AMD 207,040 thousand).

Remaining performance obligations under IRU contracts amount to AMD 2,832,817 thousand as at 31 December 2025 (2024: AMD 2,035,129 thousand) and are discounted using 12%-13% rates.

Remaining performance obligations under IRU contracts included in contract liabilities are expected to be recognised in revenue of future periods as follows:

'000 AMD	31 December 2025	31 December 2024
Less than 1 year	410,331	292,030
1-2 years	364,079	261,592
2-5 years	863,732	620,163
More than 5 years	1,194,675	861,344
	2,832,817	2,035,129

No information is provided about remaining performance obligations at 31 December 2025 that have an original expected duration of one year or less, as allowed by IFRS 15.

23. Revenue

Revenue recognition. The Company generates revenue from providing voice, data and other telecommunication services through a range of wireless, fixed and broadband Internet services, as well as selling equipment and accessories. Products and services may be sold separately or in bundled packages. Revenue is recognised to the extent the Group has delivered goods or rendered services under an agreement, the amount of the revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group.

Service revenue. Service revenue includes revenue from airtime charges from contract and within the terms of prepaid system agreements, in accordance with subscription agreements, monthly subscription fees, interconnection services fees, as well as roaming and additional services charges. Additional services include short messages (SMS), multimedia messaging (MMS), caller ID, call maintenance, data exchange, mobile Internet, downloadable content and other services.

Interconnect revenue is generated when the Company receives traffic from mobile or fixed subscribers of other operators and that traffic terminates on Company's network. Roaming revenues include both revenues from Company's customers who roam outside of their home country network and revenues from other wireless carriers for roaming by their customers on Company's network. For both revenue streams the company has a single performance obligation and recognises mobile usage and roaming service revenues based on minutes of traffic processed over the time. Revenues due from foreign carriers for international roaming calls are recognised in the period in which the call occurs.

Revenue for services with a fixed-term, including fixed-term tariff plans and monthly subscriptions, is generally recognized over time, on a straight-line basis. For pay-as-you-use plans, in which the customer is charged based on actual usage, revenue is recognized over time, on a usage basis. Some tariff plans allow customers to rollover unused services to the next period. For these tariff plans, revenue is generally recognized over time, on a usage basis. The unused airtime is not recognized as revenue until the related service has been provided to the subscriber or the prepaid subscription is expired. For contracts which include multiple service components (such as voice, text, data), revenue is allocated based on stand-alone selling price. The stand-alone selling price for these services is determined with reference to the price charged per service under a pay-as-you-use plan to similar customers.

For certain dark fiber IRU contracts with effective term of 15 years, where the obligation for the network maintenance and the related risk of return remains with the Company during the life of the contract, the Company defers any up-front payments received from the customers for a period of up to 15 years. In these situations, the Company defers the revenue and amortizes it on a straight-line basis to earnings over the term of the contract.

These contracts concluded between the Company and its customers contain a significant financing component because of the length of time between when the customer pays for the services and when the Company provides services to the customer. The transaction price for such contracts is adjusted for the effects of time value of money using discount rate that would be reflected in a separate financing transaction between the Company and its customer at contract inception.

Upfront fees, including activation or connection fees, are recognized as deferred income on a straight-line basis over the contract term. For contracts with an indefinite term (generally prepaid contracts), revenue from upfront fees is recognized over the average customer life.

Revenue from other operators, including interconnect and roaming charges, is recognized based on the price specified in the contract, net of any estimated retrospective volume discounts. Accumulated experience is used to estimate and provide for the discounts.

All service revenue is recognized over time.

Sale of equipment and accessories. Equipment and accessories are usually sold to customers on a stand-alone basis or together with service bundles. Where sold together with service bundles, revenue is allocated pro-rata, based on the stand-alone selling price of the equipment and the service bundle. Revenue for mobile handsets and accessories is recognized when the equipment is sold to a network customer, or, if sold via an intermediary, when the intermediary has taken control of the device and the intermediary has no remaining right of return.

All revenue from sale of equipment and accessories is recognized at a point in time.

Contract balances. Receivables and contract assets mostly relate to amounts due from payment agents, other operators and post-paid customers.

Contract liabilities relate primarily to non-refundable cash received from prepaid customers for fixed-term tariff plans or pay-as-you-use tariff plans.

Contract liabilities are presented as “Deferred income” and “Advances received” in the statement of financial position. All “deferred income” amounts outstanding at the beginning of the year have been recognized as revenue during the year.

Sales of prepaid cards, used as a method of cash collection, is accounted for as customer advances for future services and the respective revenue is deferred until the customer uses the airtime. Prepaid cards might not have expiration dates but are subject to statutory expiration periods, and unused prepaid balances are added to service revenue based on an estimate of the expected balance that will expire unused.

Customer acquisition costs. Certain incremental costs incurred in acquiring a contract with a customer (“customer acquisition costs”), are recognised in the statement of financial position within deferred expenses. Such costs generally relate to commissions paid to third-party dealers and own staff and are amortized on a straight-line basis over the average customer life. The Company applies the practical expedient available for customer acquisition costs for which the amortization would have been shorter than 12 months. Such costs relate primarily to commissions paid to third-party dealers upon top-up of prepaid credit by customers and sale of top-up cards.

Average customer life. The average customer life is calculated based on historical data, specifically churn rates for different customer segments (such as mobile and fixed line, prepaid and post-paid). All revenue is generated in Armenia, as services are rendered in Armenia.

'000 AMD	2025	2024
<i>Over time</i>		
Mobile services – data exchange	10,759,264	10,105,754
Mobile services – voice	1,978,311	2,562,140
Mobile services – interconnect	1,549,227	1,795,789
Mobile services – roaming	1,091,117	859,592
Mobile services – other	1,595,096	1,409,888
Revenue from mobile communication services	16,973,015	16,733,163
<i>Over time</i>		
Landline services – internet	5,988,696	5,780,533
Landline services – transit	2,977,789	3,495,432
Landline services – voice	2,646,385	3,012,461
Landline services – interconnect	75,851	99,462
Landline services – other	1,179,194	1,013,057
Revenue from fixed communication services	12,867,915	13,400,945
Revenue from charging stations	1,156,407	317,265
Other revenue	918,322	385,232
Other revenue	2,074,729	702,497
<i>At a point in time</i>		
Equipment – mobile services	2,791,158	2,666,561
Equipment – landline telephony services	16,059	34,494
Revenue from sale of equipment	2,807,217	2,701,055
Lease revenue	1,127,457	1,510,985
Total revenues	35,850,333	35,048,645

24. Cost of sales

'000 AMD	2025	2024
<i>Cost of services provided</i>		
Depreciation and amortisation	8,290,669	7,680,376
Staff costs	2,870,857	2,707,136
Frequency permission fees	2,630,675	2,630,675
Internet and other communication	2,597,257	2,357,613
Cost of mobile interconnection services	1,664,279	1,854,487
Electricity	1,478,403	1,550,014
Equipment maintenance and communications line costs	940,438	1,036,203
Electricity expense for charging stations	931,137	268,104
Costs for roaming services	415,968	257,625
Cost of landline interconnection services	359,642	380,287
Fuel expenses	170,034	170,292
VAT for services	155,843	203,561
Rental of vehicles	96,436	70,826
Business trips and training	91,697	49,838
SIM cards	85,244	66,080
Other	498,643	623,065
Total cost of services provided	23,277,222	21,906,182
<i>Cost of equipment sold</i>		
Equipment – mobile services	2,661,460	2,239,631
Total cost of equipment sold	2,661,460	2,239,631
Total cost of sales	25,938,682	24,145,813

25. Other operating income

'000 AMD	2025	2024
Gains on disposal of property, plant and equipment	2,871,106	-
Gains on sale of inventories	636,135	42,008
Impairment reversal of PPE and inventories	-	349,796
Income from penalties	117,917	26,636
Income from write-off of advances received and trade payables	42,747	44,823
Foreign exchange gains less losses from operating activity	13	46,948
Other	599	8,937
	3,668,517	519,148

26. General and administrative expenses

'000 AMD	2025	2024
Staff costs	2,516,382	2,180,413
Professional services	1,441,956	1,234,697
Office and utility expenses	703,290	663,383
Repair and maintenance expenses	129,157	128,801
Non-refundable taxes	120,347	117,156
Depreciation and amortisation	95,808	141,975
Insurance	69,849	71,143
Business trip and training costs	65,530	65,034
Security expenses	20,982	51,541
Representative costs	1,294	15,106
Other	212,031	113,227
	5,376,626	4,782,476

Included in the professional services are the fees for the audit of 2025 IFRS financial statements of the Company of AMD 48,000 thousand and non-assurance services of AMD 10,500 thousand, which are paid or payable to the auditor (2024: audit fee AMD 48,473 thousand, non-assurance services - none).

27. Distribution expenses

'000 AMD	2025	2024
Staff costs	2,735,294	2,487,424
Cash collection expenses	310,046	314,768
Advertising and marketing services	237,529	527,244
Cost of scratch cards	34,157	54,927
Other expenses	82,810	94,218
	3,399,837	3,478,581

28. Other operating expenses

'000 AMD	2025	2024
Write-off of tax balances	269,728	-
Impairment expenses on PPE and inventories	55,405	-
Other non-recoverable taxes	76,837	24,914
Free of charge provision	52,248	120,920
Charity and sponsorship	90,400	11,400
Unrecoverable VAT	33,906	21,874
Tax penalty	18,112	28,792
Write-down of inventories	10,960	3,413
Legal claims expenses	1,801	35,865
Losses on disposal of property, plant and equipment	-	502,404
Other expenses	94,003	76,737
Total other operating expenses	703,401	826,319

29. Finance income and costs

Finance income

'000 AMD	2025	2024
Interest income on loans issued	1,542,468	1,521,318
Fair value change of loan issued	149,230	486,184
Unwinding of discount previously recognized	-	250,452
Interest income from cash and cash equivalents and term deposit	42,798	127,060
Total finance income	1,734,495	2,385,014

Finance costs

'000 AMD	2025	2024
Interest expense on bonds issued	2,605,547	120,287
Interest expense on leases	770,823	745,988
Provision for asset retirement obligations: unwinding of the present value discount	171,203	175,853
Loss on equity investments	78,625	1,086
Interest expense from discounting of non-current financial payables	-	78,192
Unwinding of discount on IRU advances received	520,938	-
Interest expense on loans received	-	2,086,401
Total finance costs	4,147,136	3,207,807
Less capitalised finance costs	-	(614,793)
Total finance costs recognised in profit or loss	4,147,136	2,593,014

The Company capitalised borrowing costs arising on financing directly attributable to the construction for the year ended 31 December 2024. No borrowing costs were capitalised for the year ended 31 December 2025. The capitalisation rate for 2024 was 18.73%.

30. Income taxes

Income taxes. Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse, or the tax loss carry forwards will be utilised.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Uncertain tax positions. The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions, other than interest and fines, are recorded within the income tax charge. Adjustments for uncertain income tax positions in respect of interest and fines are recorded within finance expenses and other gains/(losses), net, respectively.

(a) Amounts recognised in profit or loss

Income tax expense recorded in profit or loss comprises the following:

'000 AMD	2025	2024
Deferred tax	537,594	378,951
Income tax expense for the year	537,594	378,951

(b) Reconciliation of effective tax rate

	2025		2024	
	'000 AMD	%	'000 AMD	%
Profit/(loss) before tax from continuing operations	1,607,036	18%	1,802,996	18%
Tax using the Company's domestic tax rate	289,266		324,539	
- Net of (non-taxable) income/non-deductible expenses	248,328	16%	54,412	3%
Income tax expense for the year	537,594	34%	378,951	21%

(c) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in the Republic of Armenia give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences for the year ended 31 December 2025 is detailed below:

'000 AMD	01/01/2025	(Charged)/credited to profit or loss	31/12/2025
Tax effect of temporary differences			
Property, plant and equipment	1,143,048	(554,671)	588,377
Intangible assets	190,052	35,308	225,360
Investment property	(1,097,480)	-	(1,097,480)
Advances and contract assets	(18,699)	142,248	123,549
Right of use assets	(1,065,850)	(711,765)	(1,777,615)
Lease liabilities	1,063,791	396,158	1,459,949
Trade and other receivables	524,813	19,179	543,992
Provisions for asset retirement obligations	313,211	8,702	321,913
Advances received and contract liabilities	6,160	32,469	38,629
Accounts payable	(13,556)	206,497	192,941
Payables to staff	160,876	2,289	163,165
Bonds issued	(127,601)	26,868	(100,733)
Tax losses	281,652	(67,852)	213,800
Investments in joint ventures	-	14,153	14,153
Loans issued	-	(85,402)	(85,402)
Other provisions	-	(1,775)	(1,775)
Net deferred tax asset	1,360,417	(537,594)	822,823

According to the legislation of Armenia tax losses outstanding as of 31 December 2025 could be used till 2029.

The tax effect of the movements in these temporary differences for the year ended 31 December 2024 is detailed below:

'000 AMD	01/01/2024	(Charged)/credited to profit or loss	31/12/2024
Tax effect of temporary differences			
Property, plant and equipment	1,566,969	(423,921)	1,143,048
Intangible assets	52,763	137,289	190,052
Investment property	(1,116,921)	19,441	(1,097,480)
Advances and contract assets	(16,181)	(2,518)	(18,699)
Right of use assets	(1,000,111)	(65,738)	(1,065,850)
Lease liabilities	1,138,698	(74,908)	1,063,791
Trade and other receivables	669,323	(144,510)	524,813
Provisions for asset retirement obligations	281,461	31,750	313,211
Advances received and contract liabilities	7,870	(1,710)	6,160
Accounts payable	(1,096)	(12,461)	(13,556)
Payables to staff	141,503	19,374	160,876
Bonds issued	-	(127,601)	(127,601)
Tax losses	15,090	266,562	281,652
Net deferred tax asset	1,739,368	(378,951)	1,360,417

31. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

The Company has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal the basic earnings per share.

Earnings per share from continuing operations are calculated as follows:

'000 AMD	2025	2024
Profit for the year	1,069,442	1,424,045
Profit for the year attributable to ordinary shareholders	1,069,442	1,424,045
Weighted average number of ordinary shares in issue (Note 16)	228,377,090	228,377,090
Basic earnings per ordinary share (expressed in AMD per share)	4.68	6.24

32. Commitments and contingencies

Legal proceedings. From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these financial statements.

At 31 December 2025 the Company's immediate parent and ultimate owners were engaged in litigation proceeding with formerly owned company in relation to acquisition of shares of Veon Armenia (former name of the Company). No provision has been made as the Company's management believes that it is not likely that any significant loss will arise and the risk is remote. No financial impact in any case will be on Company's side.

Tax contingencies. Certain provisions of tax, currency and customs legislation of the Republic of Armenia are subject to varying interpretations when being applied to the transactions and activities of the Company. Consequently, tax authorities may adopt tougher position on the interpretations and evaluation of legislation as a result of which the interpretation of previously non-challenged by tax authorities' transactions and activities of tax accounting may be changed. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review were made.

Based on management's best estimate, the Company has no potential tax obligations as of 31 December 2025.

Capital expenditure commitments. At 31 December 2025, the Company has contractual capital expenditure commitments in respect of property, plant and equipment amounting to AMD 2,813,831 thousand (2024: AMD 3,716,226 thousand). The Company has already allocated the necessary resources in respect of these commitments. The Company believes that future net income and funding will be sufficient to cover this and any similar commitments.

Environmental matters. The enforcement of environmental regulation in the Republic of Armenia is evolving and the enforcement posture of government authorities is continually being reconsidered. The Company periodically evaluates its obligations under environmental regulations. As obligations are determined, they are recognised immediately. Potential liabilities, which might arise as a result of changes in existing regulations, civil litigation or legislation, cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

33. Financial risk management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Credit risk. The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The following table provides financial assets and liabilities categories as of 31 December:

'000 AMD	2025	2024
Assets		
Trade receivables (Note 13)	9,290,610	9,652,027
Term deposit	-	673,914
Cash and cash equivalents (Note 15)	9,134,776	7,871,040
Total balance sheet exposure to credit risk	18,425,386	18,196,981

Credit risk management. Credit risk is the single largest risk for the Company's business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Limits. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

The Company's management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in Note 13.

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity products, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice, this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Currency risk. The Company is exposed to currency risk to the extent that there is a mismatch between currencies in which sales, purchases and borrowings are denominated and the functional currency of the Company. The currencies in which these transactions are primarily denominated are EUR and USD.

In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

'000 AMD	At 31 December 2025			At 31 December 2024		
	Monetary financial assets	Monetary financial liabilities	Net balance sheet position	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
US Dollars	18,397,750	(28,434,280)	(10,036,529)	27,262,920	(29,022,008)	(1,759,088)
Euros	1,868,759	(5,641,473)	(3,772,714)	1,815,517	(2,619,633)	(804,116)
Other	393,997	(261,848)	132,149	330,035	(334,175)	(4,140)
Total	20,660,507	(34,337,602)	(13,677,095)	29,408,472	(31,975,816)	(2,567,344)

The above analysis includes only monetary assets and liabilities. Non-monetary assets are not considered to give rise to any material currency risk.

The following significant exchange rates have been applied during the year:

in AMD	Average rate		Reporting date spot rate	
	2025	2024	2025	2024
USD 1	386.82	392.66	381.36	396.56
EUR 1	437.42	424.88	449.01	413.89

The following table presents sensitivities of profit and loss before taxes and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the Company, with all other variables, in particular interest rates, remaining constant and ignoring any impact of forecast sales and purchases:

'000 AMD	2025	2024
US Dollar strengthening by 10% (2024: strengthening by 10%)	(1,003,653)	(175,909)
US Dollar weakening by 10% (2024: weakening by 10%)	1,003,653	175,909
Euro strengthening by 10% (2024: strengthening by 10%)	(377,271)	(80,412)
Euro weakening by 10% (2024: weakening by 10%)	377,271	80,412

Interest rate risk. Changes in interest rates impact primarily loans given and bonds issued by changing their fair value (fixed rate debt). Management does not have a formal policy of determining how much of the Company's exposure should be to fixed or variable rates. However, at the time of raising new debt management uses its judgement to decide whether it believes that a fixed or variable rate would be more favourable to the Company over the expected period until maturity. At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

'000 AMD	At 31 December 2025	At 31 December 2024
Fixed rate instruments		
Financial assets	25,614,167	28,111,069
Financial liabilities	36,401,287	35,062,000
Net interest sensitivity gap at 31 December	(10,787,120)	(6,950,931)

The Company does not account for any fixed-rate financial instruments as FVTPL or FVOCI, except for loans issued. Therefore, apart from the impact of loans issued, a change in interest rates at the reporting date would not have an effect in profit or loss or in equity. Fair value sensitivity of the loans issued is disclosed in Note 4.

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by finance department of the Company. Management monitors monthly rolling forecasts of the Company’s cash flows. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation. The Company’s liquidity portfolio comprises cash and cash equivalents (Note 15).

The maturity analysis of financial liabilities at 31 December 2025 is as follows:

'000 AMD	Less than 3 month	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Bonds issued	602,810	1,808,431	35,319,584	-	37,730,825
Trade and other financial payables (Note 21)	10,974,002	2,261,709	273,157	-	13,508,868
Lease liabilities	759,925	2,974,715	5,059,121	5,559,544	14,393,305
Total future payments, including future principal and interest payments	12,336,737	7,044,855	40,651,862	5,559,544	65,632,998

The table above shows liabilities at 31 December 2025 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross lease obligations (before deducting future finance charges) and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows.

The maturity analysis of financial liabilities at 31 December 2024 is as follows:

'000 AMD	Less than 3 month	From 3 to 12 months	From 12 months to 5 years	Over 5 years	Total
Bonds issued	612,448	1,887,344	34,012,971	-	41,492,763
Trade and other financial payables (Note 21)	10,095,062	450,315	3,012,689	-	13,558,066
Lease liabilities	240,935	2,233,645	4,445,467	1,554,994	8,475,041
Total future payments, including future principal and interest payments	10,948,445	4,551,304	46,471,127	1,554,994	63,525,870

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

34. Management of capital

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The amount of capital that the Company managed as of 31 December 2025 was AMD 43,767,594 thousand (2024: AMD 42,698,152 thousand).

According to the Republic of Armenia (RA) Law on Joint-Stock Companies, reserve capital is established as 15% of Share capital. The reserve capital is used to cover the Company's losses, as well as to redeem the Company's bonds and buy back shares, if the Company's profit and other funds are not sufficient for this. The Company is not exposed to external capital requirements.

35. Fair value disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

'000 AMD	31 December 2025		31 December 2024	
	Level 3	Total	Level 3	Total
Financial and non-financial assets				
Investment property	6,097,112	6,097,112	6,097,112	6,097,112
Loans issued	16,568,547	16,568,547	19,629,859	19,629,859
Total assets recurring fair value measurements at 31 December	22,665,659	22,665,659	25,726,971	25,726,971

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows at 31 December 2025:

	Fair value	Valuation technique	Inputs used	Range of inputs (weighted average)	Reasonable change	Sensitivity of fair value measurement
Assets at fair value						
Investment property	6,097,112	Discounted cash flows ("DCF")	Capitalisation rate	12.48%	0.50% -0.50%	(232,578) 251,999
Total recurring fair value measurements at level 3	6,097,112					

The sensitivity to valuation inputs for the loans given is disclosed in Note 4. The above tables disclose the sensitivity to valuation inputs for other financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change the fair value significantly. For this purpose, significance was judged with respect to profit or loss, and total assets or total liabilities, or, when changes in the fair value are recognised in other comprehensive income or total equity. There were no changes in the valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2025 (2024: none).

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

'000 AMD	31 December 2025			31 December 2024		
	Level 2 fair value	Level 3 fair value	Carrying value	Level 2 fair value	Level 3 fair value	Carrying value
Assets						
<i>Financial assets at amortised cost</i>						
Trade receivables	-	9,290,610	9,290,610	-	9,652,024	9,652,024
Term deposits	-	-	-	673,914	-	673,914
Cash and cash equivalents	9,134,776	-	9,134,776	7,905,458	-	7,905,458
Total assets	9,134,776	9,290,610	18,425,386	8,579,372	9,652,024	18,231,396

'000 AMD	31 December 2025			31 December 2024		
	Level 2 fair value	Level 3 fair value	Carrying value	Level 2 fair value	Level 3 fair value	Carrying value
Liabilities						
<i>Borrowings</i>						
Bonds issued	-	29,726,313	28,307,450	-	29,152,052	29,152,052
<i>Other financial liabilities</i>						
Trade and other payables	-	13,215,279	13,215,279	-	10,675,835	10,675,835
Other long-term financial liabilities	-	273,157	273,157	-	2,225,869	2,225,869
Total liabilities	-	43,214,749	41,795,886	-	42,053,756	42,053,756

The fair values in level 2 and level 3 of the fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

36. Balances and transactions with related parties

As of 31 December 2025 and 2024, the Company's immediate and ultimate parent company was TEAM CJSC and the Company was ultimately controlled by brothers Hayk and Aleksander Yesayan.

No publicly available financial statements are produced by the Company's ultimate parent company. Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions.

At 31 December 2025, the outstanding balances with related parties were as follows:

'000 AMD	Immediate parent company	Entities under common control
Assets		
Loans issued	16,574,780	-
Trade and other receivables, except for prepayments	3,419,854	207,307
Prepayments for current assets and purchased services	1,136,578	19,118
Prepayments for non-current assets	-	12,336
Liabilities		
Advances received	-	897,330
Trade and other payables	-	1,280,533

At 31 December 2024, the outstanding balances with related parties were as follows:

'000 AMD	Immediate parent company	Entities under common control
Assets		
Loans issued	20,008,859	-
Trade and other receivables, except for prepayments	3,408,644	503,742
Prepayments for current assets and purchased services	1,454,129	893,156
Prepayments for non-current assets	-	864,143
Liabilities		
Advances received	-	381,559
Trade and other payables	-	909,841

The income and expense items as well as other transactions with related parties for the year ended 31 December 2025 were as follows:

'000 AMD	Immediate parent company	Entities under common control
Expenses		
Purchases of services	950,250	1,349,526
Purchases of assets	545	2,102,500
Management fees	758,333	-
Income		
Services provided and goods sold	3,636	128,678
Gain from sale of PPE and other inventory	1,931	1,282,909
Other income	-	3,386
Interest income	1,542,468	-

The income and expense items as well as other transactions with related parties for the year ended 31 December 2024 were as follows:

'000 AMD	Immediate parent company	Entities under common control
Expenses		
Purchases of services	951,450	499,680
Purchases of assets	5,163	1,401,006
Management fees	700,000	-
Income		
Services provided and goods sold	3,636	37,720
Gain from sale of PPE and other inventory	7,951	158,105
Interest income	1,521,318	-

Key management compensation. Key management includes Members of BoD, General Director, Deputy General Director, Finance Director, Operations Director and Commercial Director.

Key management compensation is presented below:

'000 AMD	2025		2024	
	<u>Transactions</u>	<u>Balances</u>	<u>Transactions</u>	<u>Balances</u>
Remuneration	556,441	71,520	542,068	37,006
Business trip and representative costs	20,115	-	31,261	-
Gain from sale of PPE and other inventory	175	-	1,227	-
Trade and other receivables, except for prepayments	-	2,147	-	2,132