MIKRO KAPITAL ARMENIA UCO
Closed Joint-Stock Company

FINANCIAL STATEMENTS
in Armenian Drams

31 December 2024

YEREVAN 2025

CONTENTS

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08.04.2025
N 012507

CONFIRMED BY

V. Gevorgyan

«General Director
Baker Tilly Armenia CJSC

INDEPENDENT AUDITOR'S REPORT

To the shareholder of "Mikro Kapital Armenia" UCO CJSC

Opinion

We have audited the accompanying financial statements of "Mikro Kapital Armenia" UCO CJSC (hereinafter, "the Company"), which comprise the Statement of Financial Position as at 31 December 2024, the Statement of Profit or Loss and other Comprehensive Income, the Statement of Changes in Equity, and the Statement of Cash Flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the 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' Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our audit of the financial statements in Armenia, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Other Matter

The Company's financial statements for the year ended December 31, 2023, were audited by another auditor, who expressed an unmodified opinion in its report dated April 8, 2024.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concerned and using the going concern basis of accounting unless management either intends to liquidate the Company's or to cease operations or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information or business activities of the Organization to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Auditor

Sh. Tashchiyan

08.04.2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2024

(thousand drams)

	Notes	2024	2023
Interest and other income	**5**	898,097	812,473
Interest and other expense	**5**	(443,397)	(447,780)
Net interest income		**454,700**	**364,693**
Commissions and other expenses		(5,133)	(13,810)
Loss from foreign exchange difference, net		(27,891)	(49,146)
Other operating income		31,953	47,955
Operating income		**453,629**	**349,692**
Impairment (loss)/reversal		(15,908)	(69,423)
Expenses as regards employees	**6**	(177,973)	(146,849)
Other general administrative expenses	**7**	(135,106)	(123,896)
Profit before taxation		**124,642**	**9,524**
Profit Tax refund / (expense)	**8**	(51,242)	14,138
(Loss) / Profit after taxation		**73,400**	**23,662**
Other comprehensive income		-	-
Comprehensive income		**73,400**	**23,662**

The attached notes 1-21 are the integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2024

(thousand drams)

	Notes	2024	2023
Assets			
Cash and bank account	9	103,376	38,163
Loans provided to customers	10	3,825,619	2,915,916
Property, plant and equipment and intangible assets	11	26,514	29,158
Right-of-use assets	12	13,137	18,638
Other assets	13	30,048	31,748
Total assets		3,998,694	3,033,623
Liabilities			
Loans and borrowings received	14	3,025,052	2,162,937
Other liabilities	15	41,594	63,280
Deferred tax liabilities		58,056	6,814
Total liabilities		3,124,702	2,233,031
Equity			
Charter capital	16	970,900	970,900
Main provision		150	150
Retained earnings		(97,058)	(170,458)
Total equity		873,992	800,592
Total liabilities and equity		3,998,694	3,033,623

Astghik Sargsyan
General Director

Lusine Movsisyan
Chief Accountant

08.04.2025

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024

(thousand drams)

	Charter Capital	General Reserve	Retained Earnings	Total
Balance as at 1 January 2023	**570,000**	**-**	**(193,970)**	**376,030**
Capital replenishment	400,900	-	-	400,900
Allocation to general reserve	-	150	(150)	-
Loss for the year	-	-	23,662	23,662
Balance as at 31 December 2023	**970,900**	**150**	**(170,458)**	**800,592**
Loss for the year	-		73,400	**73,400**
Balance as at 31 December 2024	**970,900**		**(97,058)**	**873,992**

The attached notes 1-21 are the integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2024

(thousand drams)

	2024	2023
Cash flows from operating activity		
Interest received	513,331	499,792
Interest paid	(306,439)	(272,445)
Net commissions received	417,814	296,616
Salary and other equivalent payments	(143,309)	(106,197)
Taxes paid	(81,021)	(64,686)
Net Cash flows from other operating activity	(155,327)	(120,019)
Decrease/(increase) in allocated funds	(888,889)	(66,911)
Net Cash flows from operating activity	**(850,732)**	**166,150**
Cash flows from investing activity		
Acquisition of property, plant and equipment and intangible assets	(2,268)	(13,598)
Net cash flows from investing activity	**(2,268)**	**(13,598)**
Cash flows from financing activity		
Increase in other borrowings	737,239	(606,891)
Replenishment of capital	-	400,900
Net cash flows from financing activity	**737,239**	**(205,991)**
Effect of exchange rate fluctuations on cash	(25,918)	(12,802)
Increase /(Decrease) in cash and cash equivalents, net	**65,213**	**(66,241)**
Cash and cash equivalents at the beginning of the period	**38,163**	104,404
Cash and cash equivalents at the end of the period	**103,376**	**38,163**

The attached notes 1-21 are the integral part of these financial statements.

Notes attached to the financial statements

1. Main Activity

Mikro Kapital Armenia Universal Credit Organization CJSC (hereinafter, “the Company”) is a commercial organization representing a legal person. The Company is a member of a group of international companies.

The Company was registered according to the CB RA Board Decision № 99A as of June 227, 2018. (Registration number: 46).

The main objective of the Company’s activity is to support the development of small and medium-sized businesses in the Republic of Armenia.
The main goal of the Company’s activities is to support the development of small and medium-sized businesses in the Republic of Armenia.

The Company operates through its three branches:
RA, Yerevan, Paronyan 8, N 1;
RA, Vanadzor, Garegin Nzhdeh 7/32;
RA, Gyumri, Rustaveli 62/2.

The Company’s legal and operations address is RA, Yerevan, Paronyan Str.8, N 1.

2. Business environment

The Company carries on its activity mainly in Armenia, therefore, the activity is affected by the economic conditions and financial markets of Armenia, which have characteristics typical of developing markets. As an emerging market, Armenia does not possess a developed business and regulatory infrastructure that generally exists in a more mature free market economy.

Armenia continues to undergo political and economic changes. Legal, tax and legislative systems continue to develop, but they are subject to frequent changes and may have different interpretations that, together with other legal and financial barriers, create additional difficulties for organizations operating in Armenia.

As a result, operations carried out in Armenia involve certain risks that are not typical of developed markets. Similar risks and the ensuing consequences may affect the Company's performance in the foreseeable future.

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

3. Basis for Preparation

Statement of Compliance

The Financial Statements have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS).

Measurement Basis

The financial statements have been prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss and available for sale assets, except for those assets, for which a reliable measure of fair value is not available. Other financial assets and liabilities are stated at their amortized cost, and non-financial assets and liabilities are stated at their historical cost.

Functional and presentation currency

The Company's functional currency is Armenian Dram (AMD), the national currency of the Republic of Armenia, which best reflects the economic substance of the events and circumstances underlying the Company's activity.
Armenian Dram is also the presentation currency for these financial statements. Financial information is presented in Armenian Drams rounded to the nearest thousand.

Use of assessments and reasoning

For preparation of these financial statements in conformity with IFRS, the management has made a number of judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The actual results may differ from these estimates.
The estimates and corresponding assumptions are regularly revised. The revised accounting estimates are recognized in the period of the revision and in the future periods affected.

Changes in Accounting Policy

IFRS 16 Leases

IFRS 16 Leases is a new lease accounting standard that is effective for annual periods beginning on or after January 1, 2019. The new standard does not significantly change the accounting for leases for lessors. However, it requires lessees to recognize most leases in their balance sheets as a lease liability together with the right-of-use asset. Lessors must apply a single model to all recognized leases, but will have the option of not recognizing short-term leases and leases of low-value assets. In general, the recognition of profit or loss is similar to today's accounting for finance leases, with separate recognition of profit or loss for interest income and depreciation.

Going Concern

These financial statements have been prepared based on the going concern principle which assumes that the assets are realized and the obligations are settled in the normal course of business.

4. Accounting Policy

Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company, and the revenue can be reliably measured. Expense is recognized to the extent that it is probable that the economic benefits will flow from the Company, and the expense can be reliably measured.

Interest income and expense

Interest income and interest expenses are measured, recognized and recorded by the Company using an accrual basis, irrespective of the time they are actually earned or incurred.

Income and expense from commissions and similar payments

Fees, commissions and other income and expense items are generally recorded using an accrual basis during the provision of the services.

Recognition of exchange differences

Gain (loss) resulting from foreign currency transactions includes gains/(losses) from revaluation of assets or liabilities denominated in foreign currency.

Transactions in foreign currencies are translated to functional currency using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to functional currency using a rate of exchange ruling at the statement of financial position date. Exchange differences come forth from translation of foreign currency items as at reporting date are recognized as an income or expense.

The exchange rates at the year-end used by the Company in the preparation of the financial statements are as follows:

	31 December 2024	*31 December 2023*
AMD/ 1US Dollar	396.56	404.79

Taxation

Profit tax for the reporting year comprises current and deferred taxes. Profit tax is recognized in profit or loss, except to the extent that it relates to transactions the results of which are recognized in equity, in which case it is recognized within equity as well.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated according to the balance sheet liability method. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities recognized in the financial reports, except for those cases when the deferred profit tax arises from the initial recognition of goodwill or of assets or liabilities in the transactions other than business combinations, and affects neither accounting nor taxable profit.

A deferred tax asset is recognized only to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied at the period when the assets are realized or the liabilities are settled, based on tax rates enacted within that period or within the reporting period.

There are also other operating taxes in the Republic of Armenia, which are assessed based on the Company's activity. These taxes are recognized in the statement of comprehensive income under «other expenses». Indirect tax amounts are included in the amount of those tangible and intangible values to which they relate.

Cash and cash equivalents

Cash and cash equivalents include balances of bank accounts. The statement of cash flows is prepared using the direct method.

Financial Instruments

The Company recognizes financial assets and liabilities on its statement of financial position when it becomes a party to the contractual obligation of the instrument. Regular way purchases and sales of financial assets and liabilities are recognized using settlement date accounting. Regular way purchases of financial instruments that will be subsequently measured at fair value, are accounted for between trade date and settlement date in the same way as for acquired instruments.

At initial recognition, financial assets and liabilities are measured at fair value plus, in the case of investments, expenses directly attributable to the transaction, except for investments at fair value through profit or loss. Subsequent to initial recognition, all financial liabilities, other than those designated at fair value through profit or loss (including financial liabilities held for sale), are measured at amortized cost using the effective interest rate method. After the initial recognition, financial liabilities carried at fair value through profit or loss are subsequently accounted for at fair value.

After 01 January 2018, the Company classified its financial assets based on the Financial assets management business model and contractual cash flow characteristic of a financial asset, as follows:

- Financial assets measured at amotized cost;
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at fair value through profit/loss.

Financial assets measured at amotized cost

After 01 January 2018 the Company measures the loans provided to customers, accounts receivable, and other financial assets at amortized cost, if the following two conditions are met:

- an asset is held within business model with the objective of holding assets in order to collect contractual cash flows,

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The details of the mentioned terms are presented below:

Business model test

The Company classifies financial assets as subsequently measured at amortized cost or fair value on the basis of the Company's business model for financial assets management. The Company determine whether its financial assets meet this condition based on the business model's objective as it has been decided by the Company's key personnel. The Company's business model does not depend on the management intents for a separate instrument. Thus, this approach cannot be applied on an instrument by instrument basis, the decision shall be based on a higher level grouping.

Contractual cash flows that are solely payments of principal and interest on the principal amount outstanding

The Company classifies a financial asset as subsequently measured at amortized cost if it meets the test in respect of payments solely of principal and interest on the principal amount outstanding.

Within this test 'Principal' is defined as being the fair value of the financial asset at initial recognition and can change over the life of the financial asset. The most important element in the interest payment definition is the consideration of time value of money and credit risk. While carrying out the principal and interests payment test the Company uses its judgment and takes into account such factors as the currency of the financial instrument and the period of time for which the interest rate is set.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments, which arise when the Credit Organization provides money directly to a debtor with no intention of trading the receivable.
Subsequently, the loan's carrying value is measured using the effective interest rate method. Loans to customers with no fixed maturities are accounted for under the effective interest rate method based on expected maturity. Loans to customers are carried net of any allowance for impairment losses.

Impairment of financial assets

At each reporting date the Company evaluates the extent to which a financial asset or a group of financial assets is impaired.
A financial asset (or a group of financial assets) is considered impaired and an impairment loss is recognized at the time of formation of the asset. The Company regularly controls all the assets subject to impairment.

The Company classifies loans in the following three stages:

- First stage: assets the credit rating of which has not significantly decreased since their initial recognition, or to which the simplified approach is applied because of low credit risk;
- Second stage: assets with significant increase of credit risk since their initial recognition, however there is no objective data on credit loss;
- Third stage: assets with objective evidence of impairment.

Expected credit losses are the weighted average credit losses with the probability of default as the weight. During portfolio assessment of assets, the ECL in respect of each asset is calculated as the product of the following three components:

- Expected cash flows brought to present value at initial or currently applicable revised effective rate;
- Default probability estimated for the following 12 months or over remaining maturity of the loan;
- Total losses in respect of defaulted loans.

The third stage loans that are maximum 1-30 days past due as at the date of provision as well as during the preceding three months shall be reclassified as second stage loans. The third stage loans that are none-past due as at the date of provision as well as during the preceding three months shall be reclassified as first stage loans.

The second stage loans that are none-past due as at the date of provision as well as during the preceding three months shall be reclassified as first stage loans.
The ECLs for the loans in the first stage are recognized for 12 months, and for the loans in the second and third stages for the whole life of the loan.

De-recognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the right to receive cash flows from the asset has expired;
- the Company has transferred its rights to receive cash flows from the asset, or retained the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and
- the Company either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.
Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Credit organization as a reserve for possible losses of assets

The classification of assets of a credit organization and the formation of reserves for possible losses are carried out in accordance with the "Order on Classification of Loans and Accounts Receivable, and Loan Loss Provisioning in Banks Operating in the Territory of the Republic of Armenia".

Inventory

The accounting concerning inventory is carried in accordance with the IAS 2. Inventory is accounted for at the acquisition cost. The cost of ordinarily interchangeable inventory is assigned by using the first-in, first-out (FIFO) formula.

Leases

All leases are accounted for by recognizing a Right-of-Use asset and a lease liability, except for:
• Leases of low-value assets, and
• Leases with a term of 12 months or less.

IFRS 16 was applied from 01.01.2019 without restating comparative figures.

The lease liability is measured at the present value of the contractual payments to be made to the Lessor over the lease term, using the interest rate implied by the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the incremental borrowing rate. Variable lease payments are included in

the measurement of the liability if they are dependent on a specific factor or index. In such cases, the initial measurement of the lease liability assumes that the variable element will remain constant over the lease term. Other variable costs are expensed as incurred.
After initial recognition, the lease liability is increased by a percentage of the residual value and reduced by the amount of payments made.
A right-of-use asset is depreciated on a straight-line basis over the remaining lease term or the economic useful life of the underlying asset, if the latter is shorter than the lease term.

Property, plant and equipment

Items of Property, plant and equipment ("PPE") that correspond to the assets recognition criteria are recorded at their initial value (cost). The initial value of the item of PPE includes the purchase price, taxes, import duties, and other mandatory payments, which are not refundable by the corresponding body.
Depreciation is calculated using the straight-line method based on the estimated useful life of the asset.

The estimated useful lives are as follows:

Buildings	-	20 years
Computer equipment	-	1 year
Office equipment	-	1-8 years
Other	-	1-8 years

Repairs and maintenance costs are recognized as an expense in the statement of comprehensive income at the time they have been incurred. The expenditures increasing the PPE's operational effectiveness as compared with the initially estimated normative data are recognized as capital expenditures and added to the asset's initial cost. These expenditures are amortized using the straight-line method based on the remaining useful life of the related asset, in case they do not exceed the fixed asset's residual value as at January 1 of the given year (the year when the mentioned expenditures have been added to the asset's value); otherwise, they are amortized over the whole useful life of the asset.
Gains and losses on disposals are determined as a difference between net income from the asset's realization and its carrying value, which is recognized in the statement of comprehensive income as an income or expense.
In case of material fluctuations of the PPEs fair (market) value, they are subject to revaluation. The revaluation results are reflected in the order established by the IAS 16.

Intangible assets

Intangible assets include computer software.
Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized on a straight-line basis over the useful economic lives of 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization periods and methods for intangible assets with finite useful lives are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives are not amortized, but tested for impairment annually either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable.

Borrowings

Borrowings, which include amounts due to customers are initially recognized at fair value of the net income received, less directly attributable transaction costs. After initial recognition, the borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization procedure.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably measured.

Offsetting

Financial assets and liabilities, and income and expenses, are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts, and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

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

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

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

Management does not anticipate a material impact on the Company's financial statements from these Standards and Amendments. They are presented below:

- "Lack of Exchangeability" (Amendments to IAS 21)
- "Amendments to the Classification and Measurement of Financial Instruments" (Amendments to IFRS 9 and 7)
- IFRS 18 "Presentation and Disclosure in Financial Statements"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

5. Net interest income

(thousand drams)

	2024	2023
Interest and similar income		
Time deposits with banks	1,552	1,264
Loans provided to customers	896,545	811,209
	898,097	**812,473**
Interest and similar expense		
Financial lease	(1,524)	(1,288)
Term loans attracted from other commercial entities	(441,873)	(446,492)
	(443,397)	**(447,780)**
Net interest and similar income	**454,700**	**364,693**

6. Expenses as regards employees

(thousand drams)

	2024	2023
Expenses regarding salary and other equivalent payments	(177,973)	(146,849)
	(177,973)	**(146,849)**

7. Other general administrative expenses

(thousand drams)

	2024	2023
Advertising, representation expenses	(22,304)	(22,550)
Audit and other consulting services	(14,824)	(13,439)
Non-refundable taxes, duties	(24,313)	(39,126)
Right-of-use asset's amortization	(20,617)	(13,063)
Depreciation, amortization	(5,367)	(5,567)
Services received	(17,531)	(21,546)
Communication	(3,447)	(2,010)
Office expenses	(1,943)	(5,710)
Other expenses	(24,760)	(885)
	(135,106)	**(123,896)**

8. Profit tax expense

(thousand drams)

	2024	2023
Tax expense		
Current tax expense		
Current period profit tax	-	(13,300)
Total current tax		
Deferred tax expense		
Origin and reversal of temporary differences	(51,242)	27,438
Deferred tax expense	**(51,242)**	**27,438**
Total deferred tax expense/ (income)	**(51,242)**	**14,138**

(thousand drams)

	Temporary differences		**Deferred tax asset/ (liability)**	
	2024	**2023**	**2024**	**2023**
Loans provided to customers	332,207	172,017	59,797	(30,963)
Right-of-use asset	13,137	18,638	2,365	(3,355)
Accumulated tax loss	-	(115,960)	-	20,873
Liability for a right-of-use asset	(13,944)	(19,133)	(2,510)	3,444
Leave provision	(8,869)	(17,707)	(1,596)	3,187
	322,531	**37,855**	**(58,056)**	**(6,814)**
Deferred tax deduction (accrual)			**51,242**	**27,438**

9. Cash and bank accounts

(thousand drams)

	2024	2023
Current accounts with banks	103,376	38,163
	103,376	**38,163**

10. Loans provided to customers

	2024	2023
		(thousand drams)
Gross Loans provided to customers	4,404,207	3,473,211
Loans impairment reserve	(578,588)	(557,295)
	3,825,619	**2,915,916**

Analysis of loans and borrowings by branches of the economy:

	2024	2023
		(thousand drams)
Industry	150,704	165,832
Trading	937,605	935,817
Maintanance	150,332	37,683
Consumer	1,614,252	1,176,417
Other	972,726	600,166
	3,825,619	**2,915,915**

Movement of impairment loss reserve regarding loans and advances, per individual classes:

	2024	2023
		(thousand drams)
Opening balance	(557,295)	(444,244)
Net (reversal)/expense	(15,908)	(69,423)
Net write-offs	(5,385)	(43,628)
Closing balance	**(578,588)**	**(557,295)**

As at 31 December 2024	Stage 1			Stage 2			Stage 3			Total loans
	Gross	**Provision**	**Net**	**Gross**	**Provision**	**Net**	**Gross**	**Provision**	**Net**	
Loans										
Term loans	3,308,988	39,728	3,269,260	-	-	-	-	-	-	3,269,260
Past due and impaired loans										
1 to 30 days past due	-	-	-	322,050	6,429	315,621	-	-	-	315,621
31 to 60 days past due	-	-	-	-	-	-	-	-	-	-
60 to 90 days past due	-	-	-	-	-	-	-	-	-	-
91 or more days past due	-	-	-	-	-	-	773,169	532,431	240,738	240,738
Total loans	**3,308,988**	**39,728**	**3,269,260**	**322,050**	**6,429**	**315,621**	**773,169**	**532,431**	**240,738**	**3,825,619**

As at 31 December 2023	Stage 1			Stage 2			Stage 3			Total loans
	Gross	**Provision**	**Net**	**Gross**	**Provision**	**Net**	**Gross**	**Provision**	**Net**	
Loans										
Term loans	2,484,491	64,279	2,420,212	-	-	-	-	-	-	2,420,212
Past due and impaired loans										
1 to 30 days past due	-	-	-	339,328	27,526	311,802	-	-	-	311,802
31 to 60 days past due	-	-	-	-	-	-	-	-	-	-
60 to 90 days past due	-	-	-	-	-	-	-	-	-	-
91 or more days past due	-	-	-	-	-	-	649,392	465,490	183,902	183,902
Total loans	**2,484,491**	**64,279**	**2,420,212**	**339,328**	**27,526**	**311,802**	**649,392**	**465,490**	**183,902**	**2,915,916**

11. Property and Equipment and Intangible Assets

(thousand drams)

	Computer and other equipment	Office equipment	Other fixed assets	Intangible assets	Total
Cost					
As of 1 January 2023	**8,625**	**5,539**	**8,680**	**15,405**	**38,249**
Additions	3,444	9,278	1,132	1,893	15,747
Disposal/write off	-	-	(13)	(1,540)	(1,553)
As of 31 December 2023	**12,069**	**14,817**	**9,799**	**15,758**	**52,443**
Additions	859	165	2,086	699	3,809
Disposal	-	(636)	-	-	(636)
As of 31 December 2024	**12,928**	**14,346**	**11,885**	**16,457**	**55,616**
Accumulated depreciation					
As of 1 January 2023	**7,187**	**2,373**	**3,458**	**4,843**	**17,861**
Additions	1,725	1,329	1,095	1,418	5,567
Disposal	-	-	(13)	(129)	(142)
As of 31 December 2023	**(8,912)**	**(3,702)**	**(4,540)**	**(6,131)**	**(23,285)**
Additions	(589)	(2,133)	(1,497)	(1,598)	(5,817)
Disposal	-	-	-	-	-
As of 31 December 2024	**(9,501)**	**(5,835)**	**(6,037)**	**(7,729)**	**(29,102)**
Carrying amount					
As of 31 December 2023	**3,157**	**11,115**	**5,259**	**9,627**	**29,158**
As of 31 December 2024	**3,427**	**8,511**	**5,848**	**8,728**	**26,514**

12. Right-of-use assets

Right-of-use asset

	2024	2023
As of 1 January 2024	**18,638**	**5,667**
Additions	15,802	26,034
Amortization	(21,303)	(13,063)
As of 31 December 2024	**13,137**	**18,636**

Lease liabilities

	2024	2023
As of 1 January 2024	**19,133**	**8,014**
Additions	15,802	26,034
Repayment of liability	(20,991)	(14,915)
As of 31 December 2024	**13,944**	**19,133**
Rent	21,229	16,400
Interest expense	(1,524)	(1,288)

13. Other assets

	2024	2023
	(thousand drams)	
Accounts receivable	19,042	24,880
Future period's expenses	3,647	5,582
Prepaid taxes and duties	7,067	1,212
Inventory	292	74
	30,048	**31,748**

14. Borrowings received

	2024	2023
	(thousand drams)	
Loans from banks	897,992	110,927
Borrowings from third parties	321,148	240,027
Borrowings from the related parties	1,805,912	1,847,983
	3,025,052	**2,162,937**

15. Other liabilities

	2024	2023
	(thousand drams)	
Accounts Payable to Employees	-	-
Accounts Payable to the Budget	14,255	21,144
Accounts Payable to Suppliers	4,526	5,297
Lease Liabilities	13,944	19,132
Provisions	8,869	17,707
	41,594	**63,280**

16. Charter Capital

The authorized capital is 970,000 thousand AMD, which is divided into 51,100 common (ordinary) shares; the nominal value of one share is 19,000 AMD. The sole shareholder is "MIKRO KAPITAL" LLC.

17. Contingent Liabilities

Tax and Legal Obligations

The RA tax system is characterized by frequently changing legislation, which is often unclear and requires interpretation. Their interpretations often cause disagreements between different tax and competent authorities.
Management believes that the Organization is carrying on its activity in compliance with all statutory requirements.

Concerning the lawsuits against the Company, Management believes that the resulting liabilities will not have a material effect on the Company's financial condition or the results of future transactions.

18. Related Parties Transactions

In accordance with IAS 24 "Related Party Disclosure", parties are considered to be related if a party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. For the purpose of the present financial statements, related parties include members of the Company's Management and persons related to them, as well as other persons and entities related to and controlled by them, respectively.

The Company has borrowings from related parties.:

(thousand drams)

	2024	2023
Borrowings received	1,718,142	1,667,459
Interest expense on borrowings	322,963	180,524

Compensation for management personnel is presented below:

(thousand drams)

	2024	2023
Salaries and other short-term payments	90,766	53,278
Total compensation for management personnel	**90,766**	**53,278**

19. Analysis of Maturity of Assets and Liabilities

The table below presents an analysis of financial assets and liabilities according to their expected maturity.

As at 31 December 2024 *(thousand drams)*

	On demand and less than 1 month	1-3 months	3-12 months	1-3 years	More than 3 years	Overdue	Total
Assets							
Cash and bank accounts	103,376	-	-	-	-	-	103,376
Loans to customers	90,835	148,927	672,156	1,894,490	755,287	263,924	3,825,619
Other assets	29,756	-	-	-	-	-	29,756
	223,967	**148,927**	**672,156**	**1,894,490**	**755,287**	**263,924**	**3,958,751**
Liabilities							
Borrowings attracted	83,591	182,200	1,393,224	1,366,037	-	-	3,025,052
Other liabilities	27,650	-	-	-	-	-	27,650
	111,241	**182,200**	**1,393,224**	**1,366,037**	**-**	**-**	**3,052,702**
Net position	**112,276**	**(33,273)**	**(721,068)**	**528,453**	**755,287**	**263,924**	**906,049**
Accumulated gap	**112,726**	**79,453**	**(641,615)**	**(113,162)**	**642,125**	**906,049**	

As at 31 December 2023 *(thousand drams)*

	On demand and less than 1 month	1-3 months	3-12 months	1-3 years	More than 3 years	Overdue	Total
Assets							
Cash and bank accounts	38,163	-	-	-	-	-	38,163
Loans to customers	1,572	32,709	277,983	1,482,764	1,055,559	65,329	2,915,916
Other assets	31,748	-	-	-	-	-	31,748
	71,483	**32,709**	**277,983**	**1,482,764**	**1,055,559**	**65,329**	**2,985,827**
Liabilities							
Borrowings attracted	264,202	758,266	1,063,788	76,681	-	-	2,162,937
Other liabilities	45,573	-	-	-	-	-	45,573
	239,111	**269,976**	**1,277,055**	**130,618**	**-**	**-**	**2,208,510**
Net position	**(167,628)**	**(237,267)**	**(999,072)**	**1,352,146**	**1,055,559**	**65,329**	**777,317**
Accumulated gap	**(394,049)**	**(631,316)**	**(1,630,388)**	**(278,242)**	**777,317**		

20. Risk Management

The Company's activities are exposed to a variety of financial risks, and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks.
Taking risks is at the core of financial activity, and operational risks are an inevitable consequence of being in business. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems.

Risk management is carried out by the Company's key Management. The Management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes interest rate and other price risks.

20.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit risk is the most important risk for the Company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements.

The table below presents the worst-case scenario of credit risk exposure to the Company as at 31 December 2024 and 2023, without taking account of any collateral held or other credit enhancements attached. In terms of balance sheet assets, the credit risks are based on net carrying amounts.

(thousand drams)

	Maximum gross exposure as at 31 December 2024	Maximum gross exposure as at 31 December 2023
Cash and bank accounts	103,376	38,163
Loans to customers	3,825,619	2,915,916
Other assets	29,756	31,748
Total credit risk	**3,958,751**	**2,985,827**

Risk concentrations of the maximum exposure to credit risk

Geographical areas

As at 31 December 2024 and 2023, the Company's credit risks are totally centralized in the Republic of Armenia.

Risk limits control and mitigation policies

The Company manages, limits and controls concentrations of credit risk wherever they are identified, in particular, to individual counterparties and groups, and to industries and to geographical areas.

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. Similar risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Collateral

The Company employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is a common practice. The Company implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation.

The analysis of the loan portfolio by collateral is presented below:

(thousand drams)

	2024	2023
Real estate	52,049	68,383
Equipment	82,716	17,494
Vehicles	1,847,536	1,385,668
Guarantee	1,590,743	1,225,198
Unsecured	252,575	219,172
	3,825,619	**2,915,915**

20.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risk includes currency, interest rate and other price risks. Market risk arises from open interest-rate and currency positions, which tend to be affected by general and specific market changes and market price fluctuations.

Currency risk

The Company's currency risk analysis per financial assets and liabilities is as follows:

(thousand drams)

	AMD	Freely convertible currency	Non-convertible currency	Total
Assets				
Cash and bank accounts	40,774	62,602	-	103,376
Loans provided to customers	3,729,639	95,980	-	3,835,619
Other assets	29,756	-	-	29,756
	3,800,169	**158,582**	**-**	**3,968,751**
Liabilities				
Borrowings involved	2,371,696	653,356	-	3,025,052
Other liabilities	27,650	-	-	27,650
	2,399,346	**653,356**	**-**	**3,052,702**
Net position as at 31 December 2024	**1,401,115**	**(494,774)**		**906,341**

(thousand drams)

	AMD	Freely convertible currency	Non-convertible currency	Total
Assets				
Cash and bank accounts	33,968	4,196	-	38,164
Loans provided to customers	2,867,990	47,926	-	2,915,916
Other assets	31,748	-	-	31,748
	2,933,706	**52,122**	**-**	**2,985,828**
Liabilities				
Borrowings involved	1,017,272	(1,015,622)	-	1,650
Other liabilities	2,559,972	-	-	2,559,972
	3,577,244	**(1,015,622)**	**-**	**2,561,622**
Net position as at 31 December 2023	**(643,538)**	**1,067,744**		**424,206**

20.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high-grade collateral, which could be used to secure additional funding if required.

The liquidity management of the Company requires considering the level of liquid assets necessary to settle obligations as they fall due; maintaining access to a range of funding sources; maintaining funding contingency plans and monitoring statement of financial position liquidity ratios.

The table below summarizes the maturity profile of the Company's financial liabilities as at 31 December 2024 and 2023 based on contractual obligations of undiscounted repayments. On-demand repayments are classified with the assumption that they will be demanded immediately.

As at 31 December 2024

(thousand drams)

	On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 3 years	More than 3 years	Total
Financial liabilities						
Borrowings involved	83,591	182,200	1,393,224	1,366,037	-	3,025,052
Other liabilities	27,650	-	-	-	-	27,650
Total undiscounted financial liabilities	**270,486**	**182,200**	**1,393,224**	**1,366,037**	**-**	**3,052,702**

As at 31 December 2023

(thousand drams)

	On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 3 years	More than 3 years	Total
Financial liabilities						
Borrowings involved	264,202	758,266	1,063,788	76,681		2,162,937
Other liabilities	45,573	-	-	-	-	45,573
Total undiscounted financial liabilities	**309,775**	**758,266**	**1,063,788**	**76,681**	**-**	**2,208,510**

21. Capital Adequacy

The primary objective of the Company's capital management is to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong credit ratings and healthy capital ratios in order to support its business and ensure a consistent increase in equity.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. No changes were made in the objectives, polices and processes from the previous year.

The risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and operating risks.

According to the capital requirements set by the Central Bank of Armenia, the minimum required total capital of the universal credit organizations as of 31 December 2024 shall be at AMD 150,000 thousand (as of 31 December 2023 - at AMD 150,000 thousand).