LIMITLESS ASSET MANAGEMENT CJSC

Financial statements

For the year ended 31 December 2023
Together with the independent auditor's report

Contents

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Independent auditor's report

To the Board of Directors of Limitless Asset Management CJSC:

Opinion

We have audited the financial statements of Limitless Asset Management CJSC (hereinafter, the "Company", which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Other matter

The financial statements of the Asset manager as at 31 December 2022 and for the year then ended were not audited.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Ernst & Young CJSC
Yerevan, Armenia

General Director
Partner (Assurance) Eric Hayrapetyan

Responsible Auditor Armine Voskanyan

April 30, 2024

Statement of profit or loss and other comprehensive income

As at December 31, 2023

In thousand drams

		2023	*27.12.22-31.12.22 (unaudited)*
Income from management fee	4	137,092	–
Net income from trading activities	5	12,571	–
Interest income	6	1,056	–
Operating expense	7	(29,662)	–
Profit / (loss) before income tax		**121,057**	**–**
Income tax expense	8	(19,800)	–
Profit / (loss) for the reporting period		**101,257**	**–**
Total comprehensive income		**101,257**	**–**
Basic Earnings Per Share	9	101	–
Diluted earnings per share	9	101	–

Tigran Antinyan

Digitally signed by Tigran Antinyan
Date: 2024.05.02 14:55:50 +04'00'

Tigran Antinyan
Executive director

Armen Azizyan
Representative of StepUp LLC

The accompanying notes from 1 to 20 form an integral part of these financial statements.

Statement of financial position

For the year ended December 31, 2023

In thousand drams

		31 December 2023	*31 December 2022 (unaudited)*
Assets			
Cash and cash equivalents	10	12,023	–
Restricted Cash		–	60,000
Management fee receivables	11	124,015	–
Financial assets at fair value through profit or loss	12	53,949	–
Property and equipment	13	4,039	–
Other assets		202	–
Total assets		**194,228**	**60,000**
Liabilities			
Deferred tax liabilities	8	43	–
Current income tax liabilities		19,770	–
Other liabilities	14	1,158	–
Total liabilities		**20,971**	**–**
Equity			
Share capital	15	72,000	60,000
Retained earnings		101,257	–
Total equity		**173,257**	**60,000**
Total liabilities and equity		**194,228**	**60,000**

The accompanying notes from 1 to 20 form an integral part of these financial statements.

Statement of changes in equity

For the year ended December 31, 2023

In thousand drams

Name of components of equity	*Share capital*	*Retained earnings*	*Total*
As of December 27, 2022 (unaudited)	**–**	**–**	**–**
Profit for the year	–	–	**–**
Total comprehensive income	**–**	**–**	**–**
Investments in share capital	60,000	–	**60,000**
Total transactions with shareholders	**60,000**	**–**	**60,000**
As of December 31, 2022	**60,000**	**–**	**60,000**
As of January 01, 2023	**60,000**	**–**	**60,000**
Profit for the year	–	101,257	101,257
Total comprehensive income	**–**	**101,257**	**101,257**
Investments in share capital	12,000	–	**12,000**
Total transactions with shareholders	**12,000**	**–**	**12,000**
As of 31 december, 2023	**72,000**	**101,257**	**173,257**

The accompanying notes from 1 to 20 form an integral part of these financial statements.

Statement of cash flows

For the year ended December 31, 2023

In thousand drams

	2023	***27.12.22-31.12.22 (unaudited)***
Cash flows from operating activities		
Management fee received	13,077	–
Interest receipts	992	–
Operating expense	(13,371)	
Net realised loss from foreign currency trading operations	(21)	–
Paid salary and other equivalent payments	(15,494)	–
Cash flows from operating activities before changes in operating assets and liabilities	**(14,817)**	**–**
Increase of financial assets at fair value through profit or loss	(40,764)	–
Net cash flows used in operating activities before income tax paid	**(55,581)**	**–**
Income tax paid	–	–
Net cash flows from operating activities	**(55,581)**	**–**
Cash flows used in investing activities		
Acquisition of property and equipment	(4,643)	–
Net cash flows used in investing activities	**(4,643)**	**–**
Cash flows from financing activities		
Investments in the authorized capital	72,000	–
Net cash flows from financing activities	**72,000**	**–**
Foreign exchange effect on cash and cash equivalents	247	–
Net cash flows of cash and cash equivalent	11,776	–
Cash and cash equivalents at the beginning of the reporting period	–	–
Cash and cash equivalents at the end of the reporting period	**12,023**	**–**

The accompanying notes from 1 to 20 form an integral part of these financial statements.

In thousand drams

1. Reporting entity

(a) Organization and operations

LIMITLESS ASSET MANAGEMENT CJSC was established in 2022. On December 27, 2022, the Company was registered with the Central Bank of the Republic of Armenia as an investment fund manager and received the investment fund management license No. 0007. The governing bodies of the Company are the general meeting of shareholders and the board of directors. The company's current activities are managed by the company's executive director. The position of executive director is occupied by Tigran Antinyan. The amount of remuneration for the company's management is determined by a decision of the relevant management body. The company's annual financial and economic activities are subject to external audit.

As of 31 December 2023, the Company operates the following public investment fund ("the Fund"):

- Limitless Prime Fund

The Company's registered office is Keri street 1/3h. 5th floor, Yerevan, 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, regulatory frameworks and overall business practices and environment continue developing and improving. However still varying interpretations and frequent changes of legislation together with other legal impediments contribute to the challenges faced by entities operating in Armenia. Additionally, the breakout of armed conflict in Nagorno-Karabakh in September 2020 followed by cease-fire arrangement over disputed Nagorno-Karabakh territories, later escalation of the conflict in the Republic of Armenia territory has increased uncertainty in the business environment.

As a result of the war in Ukraine many leading countries and economic unions have announced severe economic sanctions on Russia and Belarus, including Russian banks, other entities and individuals. Since the start of the war, there has been a significant volatility of the Russian ruble against foreign currencies, as well as significant loss of value on the securities markets in Russia and of Russian companies listed in overseas markets. As a result of the above, there have been an influx of non-residents and relocation of many businesses (especially from Russia) to Armenia, which have played a vital role in stimulating economic growth of the country in general, and activation of the investment and asset management activities in particular. As the war is still waging, it is impossible to reliably assess the final impact this may have on the Company's business as there is uncertainty over the magnitude of the impact on the economy in general.

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

Management has established policies and procedures to ensure compliance with these regulations.

The shareholders of the company are Artyom Zaqaryan (80%) and Tigran Antinyan (20%).

These financial statements were approved on 25-th april 2024.

2. Basis of preparation

2.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

In thousand drams

2. Basis of preparation (continued)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis with the exception of certain financial instruments that are stated at fair value.

2.3 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. These financial statements are presented in thousands of Armenian Dram (“AMD”), and all values are rounded to the nearest thousands, except when otherwise indicated.

3. Accounting policies

In accordance with the amendments to IFRSs Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 that became effective on 1 January 2023 as disclosed in Note 3 (j) below, the Company revised its disclosure of accounting policies. The revised material accounting policy information focuses on how the Company has applied the requirements of the IFRSs to its own circumstances and includes largely items where the Company chose an accounting policy from one or more options permitted by IFRSs, items subject to significant judgments or estimates, and excludes information that only duplicates or summarizes the requirements of IFRSs, as well as accounting policies about immaterial matters.

a) Foreign currency transactions

In preparing the financial statements, transactions in currencies other than the functional currency are recorded at the rates of exchange defined by the Central Bank of Armenia prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates defined by the Central Bank of Armenia prevailing on the reporting date:

	31 December 2023	*31 December 2022*
AMD / 1 US dollar	404.79	393.57

b) Financial instruments Recognition and derecognition

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through PL.

The Company’s financial assets at amortised cost includes cash and cash equivalents.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the company manages together; and has evidence of a recent actual pattern of short-term profit-taking; or

It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI to are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition;

In thousand drams

3. Accounting policies (continued)

b) Financial instruments Recognition and derecognition (continued)

Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The equity securities, the corporate debt securities, government bonds denominated in USD and investments in fund units are classified as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the ‘net income from trading activities’ line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in ‘‘Net income from trading activities’ line item; and
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the ‘Net income from trading activities’ line item.

c) Transactions with securities and related investment income

The securities that represent unit holdings in investment funds are transacted at net asset value per unit as published or reported by the respective funds.

The gain or loss from units held in funds reflects the changes in net asset values per units held.

d) Property and equipment

Property and equipment stated at cost

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Intangible assets, which are acquired by the Company and which have finite useful lives, are stated at cost less accumulated amortization and impairment losses.

Depreciation is generally recognised in profit or loss on a straight-line basis over the estimated useful lives of the individual assets, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets.

Depreciation is calculated on a straight line basis using the following annual rates:

Computer equipment	3 year
Furniture and fixtures, office equipment	8 year
Other assets	8 year

e) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent current accounts with banks.

In thousand drams

3. Accounting policies (continued)

f) Equity

Equity instruments issued by the Company are recorded at the nominal value. The ability of the Company to declare and pay dividends is governed by the regulations established by the legislation of the Republic of Armenia. Dividends are recognized as distribution of retained earnings during the period in which they are declared.

g) Management fee receivable

Asset management activities and commission income

Asset management and administration fees (management fees) relate to fees earned on fiduciary activities where the Company holds or invests assets on behalf of its clients, and provides other asset-based financial services. These fees are based upon daily balances of client assets invested in these funds. The fair values of client assets included in funds are based on quoted market prices and other observable market data.

h) Income tax

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Organization is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

i) New and amended standards and interpretations

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company’s financial statements.

IFRS 17 Insurance Contracts - amendments and interpretations apply for the first time in 2023, but do not have an impact on the Company’s financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The company has amended the Income tax disclosure for 2023 and 2022 years to present deferred taxes on right-of use assets and lease liabilities on a gross basis *(Note 10).*

International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 – the Company is not subject to Plllar Two taxes hence the amendments do not have impact on the Company’s financial statements.

In thousand drams

3. Accounting policy (continued)

j) New and amended standards and interpretations (continued)

Definition of Accounting Estimates - Amendments to IAS 8 – the amendments do not have an impact on the Company's financial statements.

k) New standards and interpretations not yet adopted

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The amendments are not expected to have a material effect on the Company's financial statements:

- *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback;*
- *Amendments* to IAS 1: Classification of Liabilities as Current or Non-current;
- *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.*

Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

Control over the Funds

As disclosed in Note 1(a), the Company operates the Fund as the fund manager, while also holding direct investments of 3.5% in the Fund, as well as receiving management fees and certain performance-based fees linked to net asset values of the Fund. The management determined, exercising significant judgment, that the Company does not control the Fund, considering the limited extend of the Company's exposure to variable returns from the Funds' operations, the Funds' investor composition, Funds' rules and legislation requirements associated with termination of the Company's role as Funds' manager and other relevant factors.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurements

Judgments that have the most significant effect on the amounts recognized 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 relate to accounting for financial instruments, particularly fair value measurements. The best evidence of fair value are the price quotations in an active market. In the absence of quoted prices in an active market, the management uses other evaluation techniques, such as the comparative approach with similar instruments both in the internal and external markets, and the actual prices of sales transactions occurred close to the reporting date. See *Notes 5, 12.*

4. Income from management fee

	2023	***27.12.22-31.12.22***
Income from management fee		
Income from management fees	137,092	–
Total	**137,092**	**–**

In thousand drams

5. Net income from trading activities

	2023	*27.12.22-31.12.22*
Net income from investments at fair value through profit or loss		
Net gain from changes in fair value	12,350	–
Net income from foreign exchange transactions		
Net income from revaluation	242	–
Net income from foreign currency transactions	(21)	–
Total	**12,571**	**–**

6. Net interest income

	2023	*27.12.22-31.12.22*
Interest income		
Interest income from securities	1,056	–
Total	**1,056**	**–**

7. Operating expenses

	2023	*27.12.22-31.12.22*
Other operating expenses		
Persnonnel expense	15,868	–
Consulting and professional fees	6,227	–
Advertising and representation expenses	2,714	–
Taxes other than income tax	901	–
Office expenses	796	–
Communication expenses	623	–
Depreciation expenses	604	–
Financial System Mediator expenses	379	–
Commission expenses	206	–
Other	1,344	–
Total	**29,662**	**–**

Fees for the audit of Bank's financial statements for the year ended 31 December 2023 amounted to AMD 6,000 thousand including VAT. No non-audit services were provided by the Company's external auditor in 2023.

8. Income tax expense

	2023	*27.12.22-31.12.22*
Income tax expense		
Current income tax expense	19,757	–
Deferred tax expense	43	–
Total	**19,800**	**–**

Reconciliation of effective tax rate is as follows:

	2023	*Effective tax rate %*	*27.12.22-31.12.22*	*Effective tax rate %*
Profit before taxation	**121,057**		**–**	
Tax at the statutory tax rate	21,790	18.00	–	
Net non-taxable income	(1,990)	(1.64)		
Income tax expense	**19,800**	**16.36**	**–**	

In thousand drams

8. Income tax expense (continued)

The movement of deferred tax assets is disclosed below:

	31 December 2022	*Recognized in other comprehensive income*	*Recognized in profit or loss*	*31 December 2023*
Deferred tax assets, including:	**–**	**–**	**126**	**126**
Provisions		–	126	126
Deferred tax liabilities, including:	**–**	**–**	**(169)**	**(169)**
Financial assets at fair value through profit or loss		–	(130)	(130)
Property and equipment		–	(39)	(39)
Net deferred tax assets/liabilities	**–**	**–**	**(43)**	**(43)**
Total movement of net deferred tax assets/liabilities	**–**	**–**	**(43)**	**(43)**

9. Earnings Per Share

The calculation of earnings per share is disclosed below:

	2023	*27.12.22-31.12.22*
Earnings per share		
Net profit for the reporting period after taxation	101,257	–
Net profit for the period attributable to holders of ordinary shares	101,257	–
Weighted average number of ordinary shares outstanding during the reporting period	1,000	
Basic earnings per share	101	
Diluted earnings per share	101	–

10. Cash and cash equivalent

	31 December 2023	*31 December 2022*
Current accounts		
In RA banks	9,999	–
In foreign financial institutions	2,024	–
Total cash and cash equivalnet	**12,023**	**–**

There are no restrictions on the use of cash and cash equivalents presented in this report.
As at 31, Decembe 2023 all cash equivalents are allocated to stage 1 for ECL measurement purposes.

11. Management fee receivables

	31 December 2023	*31 December 2022*
Management fee receivables	124,015	–

At the end of the current and previous reporting periods, the Company had no overdue or problematic claims.

12. Financial assets at fair value through profit or loss

	31 December 2023	*31 December 2022*
Financial assets at fair value through profit or loss		
Investment fund shares	43,171	–
RA government bonds	10,714	–
Accrued interests	64	–
Total	**53,949**	**–**

In thousand drams

13. Property and equipment

	Computer and communication equipment	*Office equipments*	*Total*
Cost			
At 27 December 2022	**–**	**–**	**–**
At 31 December 2022	**–**	**–**	**–**
Additions	2,377	2,266	**4,643**
Disposals	–	–	**–**
Balance at 31 December 2023	**2,377**	**2,266**	**4,643**
Depreciation charge			
At 27 December 2022	**–**	**–**	**–**
At 31 December 2022	**–**	**–**	**–**
Depreciation charge	449	155	**604**
Disposals	–	–	**–**
Balance at 31 December 2023	**449**	**155**	**604**
Carrying amount at 31 December 2023	**1,928**	**2,111**	**4,039**

14. Other liabilities

	31 December 2023	*31 December.2022*
Other liabilities		
Vacation reserve	698	–
Accounts payable to suppliers	447	–
Tax payable, other than income tax	13	–
Total	**1,158**	**–**

15. Share capital

The authorized capital of the Company is 72,000 thousand Armenian drams and consists of 1,000 (one thousand) outstanding ordinary shares, each of which has a par value of 72 thousand (seventy-two thousand) Armenian drams. The Company's issued shares are fully paid. Below is information about significant participants of the Company as of 31 December 2023 and as of December 2022:

	Participation amount	*Share of participation %*
Artyom Zaqaryan	57,600	80.00
Tigran Antinyan	14,400	20.00
Total	**72,000**	**100.00**

16. Risk management

The Company’s business activities expose it to a variety of financial risks, including market, credit, liquidity risks, and non financial risks, including technology, operations, legal, and reputational risks. Identification and management of these risks are essential to the success and financial soundness of the Company. This note presents information about the Company’s exposure to these risks, its objectives, policies and processes for measuring and managing risks.

There have been no changes in the risk management since year-end or in any risk management policies.

The Company takes an active role in the risk management process and has policies and procedures under which specific business and control units are responsible for identifying, measuring, and controlling various risks. Oversight of risk management is delegated to the Executive body of the Company, which is responsible for reviewing and monitoring risk exposures and leading the continued development of risk management policies and practices. The specific areas include:

- Credit and market risk, focusing on credit exposures resulting from taking positions in certain securities;
- Information security and privacy, focusing on information security and privacy policies, procedures and controls;
- Investment management, focusing on activities in which the Company and its principals operate in an investment advisory capacity;
- Operational risk management, focusing on risks relating to potential inadequate or failed internal processes, people and systems, and from external events and relationships (e.g., vendors and business partners).

In thousand drams

16. Risk management (continued)

Management has written policies and procedures that govern the conduct of business by employees, relationships with clients and the terms and conditions of relationships with counterparties. The client related policies address the client participation in funds, data and physical security, compliance with industry regulation and codes of ethics to govern employee and advisor conduct among other matters.

Risk is inherent in the Company's business. Consequently, despite efforts to identify areas of risk and implement risk management policies and procedures, there can be no assurance that the Company will not suffer unexpected losses due to operating or other risks.

a. Financial risk management

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk, currency 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.

Credit risk

Credit risk is the risk of loss due to adverse changes in a borrower's, issuer's or counterparty's ability to meet its financial obligations under contractual or agreed upon terms. The Company bears credit risk primarily on investing activities and bank balances. The Company seeks to control its credit risks by applying monitored investment strategy as well as sound selecting of servicing banking partners. The Company may enter into secured financing transactions such as sale and repurchase agreements (repo agreements) or purchase and resale agreements (reverse repo agreements). For secured transactions involving repurchase and resale agreements the Company is permitted to sell or repledge the securities held as collateral and use these securities to enter into securities lending arrangements or to deliver to counterparties to cover any short positions.

The Company has responsibility for the oversight of credit risk and is responsible for management of the Company's credit risk, including formulating credit policies, covering collateral requirements, credit assessment, reviewing and assessing credit risk, limiting concentrations of exposure to counterparties, and by issuer, credit rating band, market liquidity and country. Management does not have an internal credit rating system and manages the credit risk by regularly reviewing asset quality, defining and amending where necessary the risk appetite by using, among other things, policies on limits, specific approvals for large transactions.

As at December 31, 2023 credit risk exposure of financial assets is presented in the table below:

	31 December 2023	*31 December 2022*	*Country*	*Credit rating at 31 December 2023 (Moody's)*
Cash and cash equivalent	12,023	–	Armenia	Aa2 to Ba3
Restricted cash	–	60,000	Armenia	Aa2 to Ba3
Financial assets at fair value through profit or loss	53,949	–	Armenia	Aa2
Other financial assets	202	–	Armenia	Unrated
	66,174	**–**		

As at December 31, 2023 all the financial assets are with counterparties within RA and none of the financial assets are past due or impaired.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Factors which affect the cash position and cash flows include investment activity in securities, capital transactions and other factors. The combination of these factors can cause significant fluctuations in the cash position during specific time periods.

The Company's policy 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 stress conditions.

In thousand drams

16. Risk management (continued)

a. Financial risk management (continued)

In the tables below the financial assets and liabilities, as recognised in the statement of financial position as at December 31, 2023 are presented on a discounted basis and are based on their contractual cash flows. Management expects that the cash flows from certain financial assets and liabilities will be different from their contractual terms either because management has the discretionary ability to manage the cash flows or because past experience indicates that cash flows will differ from contractual terms. Management holds financial assets at fair value through profit or loss that are liquid and can be used to meet outflows of financial liabilities. Management estimates that undiscounted cash flows for financial liabilities approximates the information presented in below table and is not separately presented.

The Company's financial liabilities as of 31 December 2023 (with amount AMD 1,158 thousands) with are payable on demand or within less than one month.

The Company management considers the financial assets at fair value through profit or loss as liquid assets which the Company is able to convert to cash hence the Company has presented these assets as on demand or less than one month.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads will affect the Company's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company manages its investment inventory by product type and on a daily basis.

Foreign currency risk

Foreign currency risk arises in respect of those recognized monetary financial assets and liabilities that are not in the functional currency of the Company.

The table below summarizes the exposure to foreign currency exchange rate risk at the end of the reporting period:

		31 December 2023	
	Armenian Drams	***US Dollars***	***Total***
Financial assets			
Cash and cash equivalents	9,966	2,057	12,023
Management fee receivables	124,015	–	124,015
Financial assets at fair value through profit or loss	53,137	812	53,949
Total financial assets	**187,119**	**2,869**	**189,987**
Financial liabilities			
Other liabilities	1,158	–	1,158
Total financial liabilities	**1,158**	**–**	**1,158**
Net position	**185,960**	**–**	**188,829**

		31 December 2022	
	Armenian Drams	***US Dollars***	***Total***
Financial assets			
Restricted cash	60,000	–	–
Total financial assets	–	–	–

Operational risk

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation. The primary responsibility for the development and implementation of controls over operational risk rests with the Executive management of the Company.

In thousand drams

16. Risk management (continued)

b. Capital risk management

The Company manages its capital to ensure it is able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. There are no external capital requirements for the Company.

c. Non-financial risk management

Regulatory risks

As a participant in the securities, asset management markets, the Company may be subject to extensive regulation by governmental agencies and supervisory authorities. These regulatory agencies generally have broad discretion to prescribe greater limitations on the operations of a regulated entity for the protection of investors or public interest. As investment adviser the Company may also be subject to regulatory requirements relating to fiduciary duties to clients, performance fees, maintaining an effective compliance program, solicitation arrangements, conflicts of interest, advertising, limitations on agency cross and principal transactions between the advisor and advisory clients, recordkeeping and reporting requirements, disclosure requirements and general anti-fraud provisions.

17. Fair values of financial instruments

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

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Financial instruments that are not measured at fair value

Cash and cash equivalents, management fee receivables, other liabilities are liquid or have a short term maturity (less than three months) therefore it is assumed that the carrying amounts approximate to their fair value.

(b) Financial instruments that are measured at fair value

As of 31 December 2023

'000 AMD	***Level 1***	***Level 2***	***Level 3***	***Total fair values***
Financial assets at fair value through profit or loss	–	53,949	–	53,949

As of 31 December 2022

'000 AMD	***Level 1***	***Level 2***	***Level 3***	***Total fair values***
Financial assets at fair value through profit or loss	–	–	–	–

Armenian government securities are classified as level 2 as they have been valued using discounted cash flow techniques at a rate that reflects market yield of specific time to maturity.

Fund units held are classified as level 2 in the fair value hierarchy as they are measured at quoted price in a market that is not active. The funds in which the Company has invested, are open, which in accordance with local legislation and fund rules means that the funds are required to redeem the investments owned by a particular fundholder at published daily fair values when requested. Management applies judgment in categorizing financial instruments using the fair value hierarchy. The significance of a valuation input is assessed against the fair value measurement in its entirety.

In thousand drams

18. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. See Note 12 Risk management for the Company's contractual undiscounted repayment obligations.

	2023			*2022*		
	Within one year	***More than one year***	***Total***	***Within one year***	***More than one year***	***Total***
Cash and cash equivalent	12,023	–	12,023	–	–	–
Restricted cash	–	–	124,015	60,000	–	**60,000**
Management fee receivables	124,015	–	124,015	–	–	–
Financial assets at fair value through profit or loss institutions	53,949	–	53,949	–	–	–
Property and equipment	–	4,039	4,039			
Other assets	202	–	202	–	–	–
	190,189	**4,039**	**194,228**	**60,000**	**–**	**60,000**
Deferred tax liabilities	–	43	43	–	–	–
Current income tax liabilities	19,770	–	19,770	–	–	–
Other liabilities	1,158	–	1,158	–	–	–
	20,928	**43**	**20,971**	**–**	**–**	**–**

The Company management considers the financial assets at fair value through profit or loss as liquid assets which the Company is able to convert to cash hence the Company has presented these assets as maturing within one year.

19. Contingencies

(a) Insurance

The Armenian insurance industry is in its development stage and many forms of insurance protection common in other parts of the world are not yet generally available in Armenia. The Company does not have full coverage for its business interruption, or third party liability in respect of property or environmental damage arising from accidents on the Company property or relating to the Company operations. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets or environmental damage could have a materially adverse effect on the Company's operations and financial position.

(b) Litigation

The Company does not have litigations that may have a material effect on the Company's results of operations or financial position.

(c) Taxation

The taxation system in Armenia is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes unclear, contradictory and subject to varying interpretation. Taxes are subject to review and investigation by tax authorities, which have the authority to impose fines and penalties. In the event of a breach of tax legislation, no liabilities for additional taxes, fines or penalties may be imposed by tax authorities once three years have elapsed from the date of the breach.

These circumstances may create tax risks in Armenia that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Armenian tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

In thousand drams

20. Related party transactions

For the purposes of these reports, the Company's related parties include its executive director, shareholders, and related with them parties. Transactions with related parties of the company were carried out in accordance with the terms and interest rates prevailing in the market. The Company entered into the following transactions with related parties:

	Shareholders and entities under common control of the shareholders	***Key management personnel***
Expenses		
Personnel expenses	–	5,493
Acquisition of fund shares	39,604	–