Consolidated Financial Statements and Independent Auditor's Report

Viva Armenia CJSC

31 December 2024

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Grant Thornton

Independent Auditor's Report

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To the Shareholders and the Board of Directors of Viva Armenia CJSC

Opinion

We have audited the consolidated financial statements of Viva Armenia CJSC (the "Company") and its subsidiary (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report of the Group for the year ended 31 December 2024 but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

Armen Hovhannisyan

Chief Executive Officer of "Grant Thornton" CJSC

28 April 2025

Narine Achemyan, FCCA

Engagement Partner

Consolidated statement of profit or loss and other comprehensive income

In thousand AMD

	Notes	2024	2023 (restated)
Contract revenue	6		
Mobile services		51,319,230	50,312,775
Fixed line services		1,458,780	1,171,660
Revenue from sale of goods		440,253	531,265
Commission revenue		3,269,368	1,241,441
Other revenue		309,634	272,081
		56,797,265	**53,529,222**
Other income			
Other operating income		497,652	167,344
		57,294,917	**53,696,566**
Expenses			
Depreciation, amortization and impairment		(14,271,443)	(14,027,796)
Payroll and employee benefits		(9,757,284)	(9,064,062)
Interconnection and roaming costs	7	(4,110,846)	(4,460,227)
Other network operating costs	8	(5,159,313)	(4,903,644)
Cost of sold goods		(396,024)	(451,295)
Other operating expenses	9	(5,676,664)	(4,629,109)
		(39,371,574)	**(37,536,133)**
Profit from operating activities		**17,923,343**	**16,160,433**
Finance income	10	1,289,949	901,028
Finance costs	11	(2,986,901)	(2,426,296)
Share of loss of a joint venture	17	(1,070)	-
Net gain from foreign exchange rate differences	12	1,375,555	129,608
Profit before income tax		**17,600,876**	**14,764,773**
Income tax expense	13	(2,669,026)	(3,183,421)
Profit for the year		**14,931,850**	**11,581,352**
Other comprehensive income		-	-
Total comprehensive income for the year		**14,931,850**	**11,581,352**

The consolidated statement of profit or loss and other comprehensive is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 11 to 48.

Consolidated statement of financial position

In thousand AMD	Notes	31 December 2024	31 December 2023 (restated)	1 January 2023 (restated)
Assets				
Non-current assets				
Property and equipment	14	21,158,761	24,596,023	26,561,229
Intangible assets	15	17,706,329	19,976,471	19,767,258
Right-of-use assets	16.1	4,590,340	4,263,784	4,323,121
Investments in joint ventures	17	198,930	-	-
Loans provided	18	26,601,078	-	-
Deferred income tax assets	20	2,252,121	2,363,406	3,037,523
Advances for acquisitions of non-current assets		957,352	2,305,083	899,956
Total non-current assets		**73,464,911**	**53,504,767**	**54,589,087**
Current assets				
Inventories	21	483,485	506,663	739,811
Trade and other receivables	22	4,320,413	3,509,778	4,070,929
Loans provided	18	-	20,895,006	15,712,450
Bank deposits	23	3,525,618	-	-
Cash balances on restricted accounts	24	846,404	812,800	458,570
Cash and cash equivalents	24	5,304,157	8,319,869	9,490,967
Total current assets		**14,480,077**	**34,044,116**	**30,472,727**
Total assets		**87,944,988**	**87,548,883**	**85,061,814**

Consolidated statement of financial position (continued)

In thousand AMD	Notes	31 December 2024	31 December 2023 (restated)	1 January 2023 (restated)
Equity and liabilities				
Equity				
Share capital	25.1	550,000	550,000	550,000
Reserve capital	25.3	122,364	82,500	82,500
Accumulated profit		45,744,892	36,852,906	57,081,554
Total equity		**46,417,256**	**37,485,406**	**57,714,054**
Liabilities				
Non-current				
Lease obligations	16.2	3,657,434	4,015,518	3,949,578
Bank loans	26	14,418,356	-	-
Trade and other payables	28	9,689,528	11,322,807	10,986,662
Contract liabilities	27	33,645	44,500	53,540
Total non-current liabilities		**27,798,963**	**15,382,825**	**14,989,780**
Current				
Lease obligations	16.2	1,748,032	1,471,190	1,625,381
Bank loans	26	3,209,124	-	-
Contract liabilities	27	1,510,038	1,445,315	1,230,011
Trade and other payables	28	5,538,083	8,649,313	7,829,397
Dividends payable	25.2	-	21,669,500	-
Income tax payable		1,723,492	1,445,334	1,673,191
Total current liabilities		**13,728,769**	**34,680,652**	**12,357,980**
Total equity and liabilities		**87,944,988**	**87,548,883**	**85,061,814**

The consolidated financial statements were approved on 28 April 2025 by:

Armen Avetisyan
General Director

Lusine Zakaryan
Chief Accountant

“VIVA ARMENIA” 01551651

The consolidated statement of financial position is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 11 to 48.

Consolidated statement of changes in equity

In thousand AMD	Share capital	Reserve capital	Accumulated profit	Total
Balance at 1 January 2023 before restatement	550,000	82,500	60,489,932	61,122,432
Restatement (Note 5)	-	-	(3,408,378)	(3,408,378)
Restated balance at 1 January 2023	**550,000**	**82,500**	**57,081,554**	**57,714,054**
Profit for the year	-	-	11,581,352	11,581,352
Total comprehensive income for the year	**-**	**-**	**11,581,352**	**11,581,352**
Dividends	-	-	(31,810,000)	(31,810,000)
Transactions with owners	**-**	**-**	**(31,810,000)**	**(31,810,000)**
Balance at 31 December 2023	**550,000**	**82,500**	**36,852,906**	**37,485,406**
Profit for the year	-	-	14,931,850	14,931,850
Total comprehensive income for the year	**-**	**-**	**14,931,850**	**14,931,850**
Dividends	-		(6,000,000)	(6,000,000)
Transactions with owners	-	-	**(6,000,000)**	**(6,000,000)**
Reserve capital replenishment	-	39,864	(39,864)	-
Balance at 31 December 2024	**550,000**	**122,364**	**45,744,892**	**46,417,256**

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 11 to 48.

Consolidated statement of cash flows

In thousand AMD

	2024	2023 (restated)
Cash flows from operating activities		
Profit for the year	14,931,850	11,581,352
Adjustments for:		
Depreciation, amortization and impairment	14,279,647	14,034,381
Loss on disposal of property, equipment and intangibles	53,995	393,355
Expected credit losses on loans provided	177,800	-
Share of loss of a joint venture	1,070	-
Income tax expense	2,669,026	3,183,421
Finance income	(1,289,949)	(901,028)
Finance cost	2,986,901	2,426,296
Foreign exchange gain, net	(1,375,555)	(129,608)
Operating profit before working capital changes	**32,434,785**	**30,588,169**
Change in inventories	23,178	233,148
Change in trade and other receivables	(854,454)	591,053
Change in cash balances on restricted accounts	(33,604)	(354,230)
Change in contract liabilities	53,868	206,264
Change in trade and other payables	(612,638)	539,594
Cash from operations	**31,011,135**	**31,803,998**
Income tax paid	(2,279,583)	(2,737,161)
Interest income received on bank balances	234,080	186,591
Net cash from operating activities	**28,965,632**	**29,253,428**

Consolidated statement of cash flows (continued)

In thousand AMD

	2024	2023 (restated)
Cash flows from investing activities		
Payments for acquisition of property and equipment	(2,680,727)	(5,777,440)
Payments for acquisition of intangible assets	(3,036,667)	(6,474,986)
Proceeds from disposal of property and equipment	39,742	57,349
Investments made in joint venture	(200,000)	-
Repayment of loans from related parties	-	9,107
Provision of loans to related parties	(25,218,941)	(11,970,929)
Placement of deposit	(4,439,810)	-
Bank deposits repaid	1,009,439	-
Interest received	279,592	-
Net cash used in investing activities	**(34,247,372)**	**(24,156,899)**
Cash flows from financing activities		
Lease obligation paid	(2,687,172)	(2,439,662)
Payment of payables in respect of spectrum fees	(3,918,768)	(2,919,899)
Proceeds from bank loans	17,350,976	-
Repayment of bank loans	(186,610)	-
Interest paid	(717,648)	-
Dividends paid, including withholding taxes	(7,405,318)	-
Net cash from (used in) financing activities	**2,435,460**	**(5,359,561)**
Net decrease in cash and cash equivalents	(2,846,280)	(263,032)
Foreign exchange effect on cash	(169,432)	(908,066)
Cash and cash equivalents, beginning of the year	8,319,869	9,490,967
Cash and cash equivalents, end of year	**5,304,157**	**8,319,869**

The consolidated statement of cash flows is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 11 to 48.

Notes to the consolidated financial statements

Viva Armenia CJSC

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

1 Nature of operations

Viva Armenia CJSC (former MTS Armenia CJSC) (the Company, together with the Subsidiary - the Group) is involved in providing a wide range of telecommunication services including voice and data transmission, internet access, various value-added services through wireless and fixed lines, as well as sale of handsets and accessories. The Group has a wide service center network, including 74 service centers in Yerevan and the regions. The number of active subscribers as at 31 December 2024 is 2,344,193 (31 December 2023: 2,316,656).

2 General information, statement of compliance with IFRS and going concern assumption

Viva Armenia CJSC is a closed joint-stock company established under the laws of the Republic of Armenia in November 2004. On 25 March 2024, as per the amendment registered by the RA Ministry of Justice Agency for State Register of Legal Entities, MTS Armenia CJSC was renamed to Viva Armenia CJSC.

The Company is operating under the license #765 “On rendering of telephone services” issued by the Ministry of Transport and Communication (currently the Ministry of High-Technological Industry) of the Republic of Armenia on 4 November 2004 for 15 years, which was prolonged till 4 November 2034, based on the decision No 403A of the Public Services Regulatory Commission of the RA dated 1 November 2019.

Until 24 January 2024 the Company was controlled by Aramayo Investments Limited, which held 100% of the Company’s shares. The ultimate parent company of the Group was Sistema Public Joint Stock Financial Corporation (Sistema PJSFC), which is incorporated in Russia and located at 13 Mokhovaya Street, Moscow 125 009. In January 2024 the Company announces a change of its shareholder and ceased being controlled by the Russian MTS Group. Currently the Company is controlled by Fedilco Group Limited, a company incorporated in Cyprus and registered in the commercial register of the city of Nicosia under number HE 433524. The share purchase transaction was duly registered in the Central Depository of Armenia on 23 January 2024.

These financial statements are consolidated by Fedilco Group Limited (parent company).

The registered address of the Company and the Subsidiary is 4/1 Argishti Street, Yerevan, Republic of Armenia.

The number of employees of the Group as at 31 December 2024 was 1,166 employees (31 December 2023: 1,147 employees).

These consolidated financial statements include financial statements of MobiDram Closed Joint Stock Company (the Subsidiary). The Company's ownership in the Subsidiary is 100%. The principal activity of the Subsidiary is the provision of payment and settlement services. The Subsidiary was established under the laws of the Republic of Armenia in August 2011. The Subsidiary is operating under the license #15 “On performing money remittances, processing and clearing of payment instruments and payment and settlement documents” dated 14.10.2011 and 16.12.2014 issued by the Central Bank of the Republic of Armenia.

Statement of compliance and going concern

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as developed and published by the International Accounting Standards Board (IASB), and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated financial statements are prepared on a going concern basis, as management is satisfied that the Group has adequate resources to continue as a going concern for the foreseeable future. In making this assessment, management has considered a wide range of information including projection of profitability, regulatory capital requirements and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital and liquidity of the Group.

Business environment

Armenia's business environment faces challenges due to geopolitical tensions, particularly ongoing aggression from Azerbaijan, and regional instability. The war in Ukraine has further complicated the situation, causing disruptions in trade, sanctions on Russia, and global inflation. Armenia's reliance on Russia has strained, affecting trade, remittances, and security guarantees, urging Armenia to diversify its economic relationships, though this comes with its own risks.

The Armenian dram is stronger than expected, controlling inflation but creating difficulties for exporters and businesses with foreign-currency liabilities. Global inflation and rising energy costs pressure Armenia's economy, especially due to reliance on imports.

Despite these challenges, businesses are diversifying supply chains and exploring new markets, while the government's reform efforts provide a path for long-term stability. However, Armenia's success will depend on its businesses' ability to navigate these risks effectively.

These consolidated financial statements reflect management's assessment of the impact of the Armenian business environment on the operations of the Group. The Group's management constantly analyzes the economic situation in the current environment. The future economic and political situation and its impact on the Group's operations may differ from the management's current expectations.

3 New or revised standards or interpretations

3.1 New standards adopted as at 1 January 2024

In the current year the Group has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2024.

New standards and amendments described below and applied for the first time in 2024 did not have a material impact on the annual consolidated financial statements of the Group:

- *"Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants"* (Amendments to IAS 1)
- *"Lease Liability in a Sale and Leaseback"* (Amendments to IFRS 16)
- *"Supplier Finance Arrangements"* (Amendments to IAS 7 and IFRS 7)

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

At the date of authorization of these consolidated 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 Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning on or after the effective date of the pronouncement. They are presented below:

- IFRS 18 *Presentation and Disclosure in Financial Statements*.

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, which are subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Company is currently working to identify all the impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statements.

- Amendments to IFRS 9 and IFRS 7 - *Amendments to the Classification and Measurement of Financial Instruments*. The Group is currently assessing the impact the amendment will have on the consolidated financial statements and related notes;
- Amendments to IAS 21 - *Lack of exchangeability* - which specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are not expected to have a material impact on the Group's consolidated financial statements;
- IFRS 19 *Subsidiaries without Public Accountability*: Disclosures, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

4 Material accounting policies

4.1 Basis of preparation

The consolidated financial statements have been prepared on an accruals basis and under the historical cost convention with the exception of certain financial instruments that are stated at present discounted value of future cash flows.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional consolidated statement of financial position as at 1 January 2023 is presented in these consolidated financial statements due to the retrospective application of an accounting policy and correction of an error. See Note 5.

4.2 Basis of consolidation

The Group's consolidated financial statements consolidate those of the Company and its subsidiaries as at 31 December 2024. All subsidiaries have a reporting date of 31 December.

All transactions and balances between companies are eliminated on consolidation, including unrealized gains and losses on transactions between the Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

4.3 Foreign currency

Functional and presentation currency

The national currency of Armenia is the Armenian dram ("AMD"), which is the Company's functional currency, since this currency best reflects the economic substance of the underlying events and transactions of the Group.

These consolidated financial statements are presented in AMD (unless otherwise stated), since management believes that this currency is more useful for the users of these consolidated financial statements. All financial information presented in AMD has been rounded to the nearest thousand.

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

Foreign currency transactions

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

	31 December 2024	31 December 2023
AMD/1 USD	396.56	404.79
AMD/1 EUR	413.89	447.90

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

Exchange differences arising on the settlement and retranslation of monetary items, are included in profit or loss for the period.

4.4 Investments in joint ventures

Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement and have rights to the net assets of the arrangement. The Group recognizes its interest in a joint venture where it has joint control of the investment and accounts for that investment using the equity method.

The carrying amount of the investment in joint ventures is increased or decreased to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealized gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

The Group presents its share in profits or losses in joint ventures accounted for using equity method within non-operating profit.

4.5 Revenue

Revenue arises mainly from provision of mobile and fixed telecommunication services (access charges, voice and video calls, messaging, interconnect fees, fixed and mobile broadband and connection fees), selling of devices and accessories, as well as from the wire transfer commissions.

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and rebates allowed by the Group.

To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligations are satisfied.

Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group recognizes revenues over time, except for revenue from sales of goods, which is recognized at a point in time.

Products and services may be sold separately or in bundle packages. The Group accounts for individual products and services separately if they are distinct, which means that a product or service, as well as the customer benefit, is separately identifiable from other items in the bundled package and a customer can benefit from it. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

The Group recognizes advances from customers for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the consolidated statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognizes either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Mobile and internet data services (voice, data, messaging)

Revenue from mobile and internet data services is recognized over time as the service is provided. Revenue is measured by the volume of voice and data traffic packages processed or the “pay as you go” transactions airtime provided. The revenue is recognized in the period in which the connection is provided.

Subscriber revenue primarily consists of monthly fixed charges for usage of the mobile network, recognized as the service is provided. For bundled packages, as unused megabytes, messages, and minutes cannot be carried forward to future periods, revenue is recognized over time using a time-elapsed measure of progress. This recognition begins when the package is activated and continues until the service term expires. These services are billed and paid for monthly.

Interconnection revenue

Revenues from network interconnection with other domestic and international telecommunication carriers are recognized monthly on the basis of the actual recorded traffic for the month.

Roaming revenue

Roaming revenue is recognized in the period in which the services are provided and includes:

- revenue accrued from own subscribers when using mobile services while in a foreign country/ network: this stream of revenues is composed of outbound roaming revenues from voice services, messaging services and data consumption while abroad (outbound roaming)

- revenue accrued from visiting (foreign) subscribers when using mobile services within a country/ network. This stream of revenues is composed of inbound roaming revenue from voice services, messaging services and data consumption while in the country/network (inbound roaming).

Value added services

These services include ring back tone, partner content applications, etc. Revenue from value added services is recognized in the period in which the service is provided.

Fixed services

Revenue from fixed services primarily consists of monthly fixed charges for usage of services and is recognized over time as the services are provided using time elapsed measure of progress. These services include internet, television and voice over IP.

Revenue from sale of goods

Revenue from sale of goods (mainly mobile handsets and other mobile devices) is recognized when the significant risks and rewards of ownership have been transferred to the customer.

Commission revenue

Revenue arises from commissions paid by banks for the wire transfer services.

Wire transfer services mainly include:

- receiving and making payments through the direct beneficiary or other person;
- Implementation of cashier transactions for third parties;
- processing and clearing;

The process of providing services is measured based on accepted payments, cash withdrawal transactions and money transfers. Revenue from rendering of services mainly includes fixed monthly payments and is recognized over time along with the provision of services.

4.6 Intangible assets

Intangible assets, which are acquired by the Group and which have finite useful lives, are stated at cost less accumulated amortization and impairment losses.

The cost of intangible assets acquired as part of telecommunication equipment is added to the cost of appropriate telecommunication equipment, and amortized during useful lives of the corresponding equipment.

Amortization is charged to profit or loss on a straight line basis over the estimated useful lives of the intangible assets, which are;

- the legally enforceable period of time, and in case of the absence of such timing arrangements, the estimated useful lives, but not in excess of 5 years for telecommunication software, rights and licenses and,
- the legally enforceable period of time and in case of the absence of such timing arrangements, the estimated useful lives, but not in excess of 10 years for other assets.

The Group recognizes the cost of obtaining rights to use radiofrequencies as an intangible asset and amortizes during the term of the license on a straight-line basis. In addition, during the term of the license, the Group pays annual fee for use of these radiofrequencies. The Group considers these fees as a component of the acquisition cost of the license. The present values of the estimated future amounts payable are recorded on initial recognition of the intangible asset, with a corresponding liability. Any remeasurements of the related liability and any additional payments are either recognized in the consolidated statement of profit or loss or capitalized.

4.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price including import duties and non-refundable purchase taxes and other directly attributable costs. When an item of property and equipment comprises major components having different useful lives, they are accounted for as separate items of property and equipment.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Expenditure to replace a component of an item of property and equipment that is accounted for separately is capitalized with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in profit or loss as incurred.

Depreciation is charged to profit or loss or is added to the cost of other asset on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences when assets are available for use. The estimated useful lives are as follows:

Buildings and constructions	-	20 years
Telecommunication equipment	-	5 - 7 years
Telecom constructions	-	5 - 17 years
Vehicles	-	4 - 5 years

Computer equipment	-	3 - 7 years
Fixtures and fittings	-	2 - 5 years.

4.8 Leases

The Group as a lessee

The Group's lease contracts largely relate to leases of cellular sites (i.e. land, space in cell towers or rooftop surface areas), network infrastructure, and service centers as well as buildings used for administrative or technical purposes.

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. The Group has elected to not separate its leases for offices into lease and non-lease components and instead accounts for these contracts as a single lease component.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability in its consolidated statement of financial position. Right-of-use assets are initially measured at cost, which is the initial amount of lease liability adjusted for any lease payments made at or before the commencement date, plus any direct costs incurred and an estimate of costs to dismantle, remove or restore the underlying asset less any lease incentives received.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The lease term corresponds to the non-cancellable period of each contract except in cases where the Group is reasonably certain of exercising renewal or termination options. When assessing the lease term, the Group considers all facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, such as useful life of the asset located on the leased site, sites replacement statistics, sequence of technology change, profitability of service centers as well as costs to terminate or enter into lease contracts.

Lease obligations are recognized initially at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate of the Group. The lease payments mostly include fixed payments and early termination fees unless the Group is reasonably certain not to terminate earlier.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

Lease liability is remeasured when the Group changes its assessment of whether it will exercise a purchase, extension or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of right-of-use asset had been reduced to zero.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

4.9 Impairment of depreciable assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of net selling price and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately.

4.10 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a part to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all risks and rewards are transferred.

Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the Group's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or gains (losses) from exchange differences, except for impairment of trade receivables which is presented within other expenses.

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

A summary of the Group's financial assets by category is given in Note 19.

Subsequent measurement of financial assets

The Group's financial assets include trade and other receivables, loans, bank deposits and cash and cash equivalents, which fall into amortized cost category of financial instruments.

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the "expected credit loss (ECL) model". Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under IFRS 15.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month expected credit losses" are recognized for the first category while "lifetime expected credit losses" are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

See Note 33.2 for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities

The Group's financial liabilities include bank loans, trade and other payables and lease obligations.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

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

A summary of the Group's financial liabilities by category is given in Note 19.

4.11 Inventories

Inventories are assets held for sale in the ordinary course of business or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Items such as spare parts, stand-by equipment and servicing equipment are also recognized as inventories unless they meet the definition of property and equipment.

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

4.12 Provisions

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.13 Income taxes

Current tax

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

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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 the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank accounts and cash in transit.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Group classifies investments as a cash equivalent if it is readily convertible to a known amount of cash and is subject to an insignificant risk of changes in value.

4.15 Equity, reserves and dividends

Equity instruments issued by the Group are recorded at the proceeds received.

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

Accumulated profit includes all current and prior period retained profits.

All transactions with owners are recorded separately within equity.

Dividends are recognized as a liability in the period in which they are declared. The Group recognizes a liability to pay a dividend when the distribution is authorized, and the distribution is no longer at the discretion of the Group. As per the Charter of the Group, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

4.16 Employee benefits

Short-term employee benefits are benefits expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services and include:

(a) wages, salaries and bonuses;

(b) paid annual leaves and paid disability leaves.

When employees render services to the Group during the accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Group shall recognize that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

(b) as an expense, unless the amount is included in the cost of an asset.

Paid absences

The expected cost of short-term employee benefits in the form of paid absences is recognized as follows:

(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences.

(b) in the case of non-accumulating paid absences, when the absences occur.

Bonuses

The expected cost of bonus payments is recognized when the Group has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

A present obligation exists when, and only when, the Group has no realistic alternative but to make the payments.

4.17 Significant management judgement in applying accounting policies and estimation uncertainty

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

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of telecommunication equipment and intangible assets

Management of the Group estimated useful lives of telecommunication systems and related intangible assets up to 7 years. This estimate is based on the Group's current intentions to continue exploitation of the existing systems.

Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortization or depreciation charges. Technological developments are difficult to predict and management views on the trends and pace of development may change over time.

Some of the assets and technologies, in which the Group invested several years ago, are still in use and provide the basis for new technologies. Critical estimates in the evaluations of useful lives for intangible assets include, but are not limited to, the remaining license period and the expected developments in technology and markets. However, rapid changes in the technological, market and economic environments in which the Group operates may require changes in the management plans to continue with the existing systems.

The useful lives of property and equipment and intangible assets are reviewed at least annually, taking into consideration the factors mentioned above and all other important relevant information. The actual economic lives of property and equipment and intangible assets may be different from useful lives estimated by management, thereby resulting in different carrying values.

Leases

The value of right-of-use assets and lease liabilities is based on management estimates of lease terms as well as an incremental borrowing rate used to discount lease payments.

The lease term corresponds to the non-cancellable period of each contract except in cases where the Group is reasonably certain of exercising renewal options. When assessing the lease term, management considers all facts and circumstances that create the economic incentive for the Group to excise the option to extend the lease, such as the useful life of the asset located on the leased site, statistics on sites replacement, sequence of technology change, profitability of service centers as well as costs to terminate or enter into lease contracts.

Additionally, the Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Changes in these factors could affect the estimated lease term and the reported value of right-of-use assets and lease liabilities.

Provision for expected credit losses of financial assets

The Group uses judgement to estimate allowance for expected credit losses (ECL) for financial assets at amortized costs. ECL are measured in a way that reflects the unbiased and probability-weighted amount, the time-value of money and reasonable and supportable information at the reporting date pertaining to past events, current conditions and forecasts of future economic conditions. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, service type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

ECL are measured as probability-weighted present value of all cash shortfalls over the expected life of each financial asset. ECL are mainly calculated using a statistical model based on three major risk parameters: probability of default, loss given default and exposure of default.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. This information includes macroeconomic factors (unemployment rate, inflation rate) and forecasts of future economic conditions. The impact of forecast economic conditions in the determination of ECL was not significant. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's financial assets is disclosed in note 33.2.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See note 34 for fair value disclosures.

4.18 Climate-related matters

The Group and its customers may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks.

Physical risks arise as the result of acute weather events such as floods, droughts and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves and droughts.

Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand.

These risks are receiving increasing regulatory, political and societal scrutiny, both within the country and internationally. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

Assumptions could change in the future in response to forthcoming environmental regulations, new commitments taken and changing consumer demand. These changes, if not anticipated, could have an impact on the Group's future cash flows, financial performance and financial position.

5 Restatement of consolidated financial statements

During 2024 the Group decided to restate the consolidated financial statements of the prior year according to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* due to the change in accounting policy and identification of errors related to the prior year.

The Group applies changes in the accounting policies and correction of the prior period errors retrospectively in the first set of consolidated financial statements authorized for issue after their discovery by: restating the comparative amounts for the prior periods presented in which the error or change in policy occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. The consolidated financial statements, including the comparative information for prior periods are presented as if the correction had been made in the period in which such a necessity arose. Therefore, the amount of the correction that relates to each period presented is included in the consolidated financial statements of that period.

Change in accounting for radio frequency usage rights

The Group obtains licenses - permissions to use radio frequencies. These permissions, granted by the Government, are for a defined period and are obtained in exchange for one-off payment initially and recurring payments during the license period. Previously the Group used to capitalize the initially paid license fee as an intangible asset and amortize it on a straight-line basis, whereas the annual usage fees were accounted for as an operating cost and expensed as incurred. In the current year the Group changed its accounting policy in relation to recurring fees and decided to account them as a component of the acquisition cost of the license and recognize the present values of the future annual fees as part of the initial cost of the asset, with a corresponding liability.

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

The Group applied the change in accounting policy retrospectively and adjusted the opening balances of intangible assets, liabilities and accumulated profits for each prior period presented as if the new accounting policy had always been applied.

As a result of change in accounting policy the Group's intangible assets and deferred tax assets as at 31 December 2023 increased by AMD 11,359,447 thousand and AMD 228,885 thousand respectively, liabilities increased by AMD 12,631,028 thousand and accumulated profits decreased by AMD 1,042,696 thousand.

Change in assumptions made in estimating useful lives of intangible assets

The Group acquires software products necessary for the operation of the telecom network infrastructure through software product subscription contracts. These contracts typically span multiple years. The acquired software products remain usable after the contract period, therefore the Group previously capitalized these software products as intangible assets and amortized them over their estimated useful lives, in accordance with its accounting policy.

However, following a reassessment of the terms and conditions of these contracts, the Group has determined that the useful lives of such software assets should be limited to the duration of the subscription contract. Although the software technically remains accessible after the contract expires, the vendor is contractually obligated to provide support and resolve issues only for the most current version of the software. Access to updates and vendor support is contingent upon the Group entering into a new subscription contract. As a result, the Group has concluded that the software does not retain economic value beyond the term of the contract and will therefore amortize these assets over the contractual period.

As a result of the above changes, the Group's intangible assets as at 31 December 2023 decreased by AMD 1,468,063 thousand, deferred tax assets increased by and AMD 264,251 thousand, and accumulated profits decreased by AMD 1,203,812 thousand.

Correction of maintenance costs capitalized as an intangible asset

The Group enters into service level agreements (SLAs) with vendors to ensure the continued operational performance of its network infrastructure. The Group previously recorded the related costs as intangible assets and amortized them in accordance with its accounting policy. However, in the current year the Group reconsidered its approach to the services received in the framework of the contracts and concluded that the nature of the services acquired constitutes maintenance and, as such, does not meet the criteria for capitalization as an intangible asset.

As a result of this correction the Group's intangible assets as at 31 December 2023 decreased by AMD 1,481,015 thousand, deferred tax assets increased by and AMD 266,583 thousand, and accumulated profits decreased by AMD 1,214,432 thousand.

The Group management made relevant adjustments to these consolidated financial statements, which were applied retrospectively based on the policy adopted by the Group.

The details of the restatement of the comparative consolidated financial statements are as follows:

Consolidated statement of profit or loss and other comprehensive income (extract)

	2023		
	According to previous statement	Restatement	Restated balance
Depreciation and amortization	(13,958,928)	(68,868)	(14,027,796)
Other network operating costs	(6,687,580)	1,783,936	(4,903,644)
Finance costs	(647,127)	(1,779,169)	(2,426,296)
Income tax expense	(3,194,960)	11,539	(3,183,421)
Profit for the year	11,633,914	(52,562)	11,581,352

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

Consolidated statement of financial position (extract)

	31 December 2023		
	According to previous statement	Restatement	Restated balance
Intangible assets	11,566,102	8,410,369	19,976,471
Deferred income tax assets	1,603,686	759,720	2,363,406
Accumulated profit	40,313,845	(3,460,939)	36,852,906
Trade and other payables	-	12,631,028	12,631,028

	1 January 2023		
	According to previous statement	Restatement	Restated balance
Intangible assets	11,871,620	7,895,638	19,767,258
Deferred income tax assets	2,289,342	748,181	3,037,523
Accumulated profit	60,489,932	(3,408,378)	57,081,554
Trade payables	-	12,052,197	12,052,197

Consolidated statement of cash flows (extract)

	2023		
	According to previous statement	Restatement	Restated balance
Net cash from operating activities	25,615,661	3,637,767	29,253,428
Net cash used in investing activities	(23,153,568)	(1,003,331)	(24,156,899)
Net cash used in financing activities	(2,439,662)	(2,919,899)	(5,359,561)

The Group also reclassified from the statement of consolidated cash flows restricted cash balances.

6 Contract revenue

The Group generates revenue from a range of services, including mobile and fixed-line telecommunications (such as access charges, voice and video calls, messaging, connection charges, fixed and mobile broadband). Additional revenue streams include financial services, cloud services, and the sale of cell phones and accessories. These products and services may be sold individually or bundled into packages.

	2024	2023
Revenue from contracts with customers		
Mobile services	51,319,230	50,312,775
Fixed line services	1,458,780	1,171,660
Revenue from sale of goods	440,253	531,265
Commission revenue	3,269,368	1,241,441
Other revenue	309,634	272,081
	56,797,265	**53,529,222**

Detailed description and accounting policy of each revenue stream is presented in Note 4.5.

Contract revenue from the provision of telecommunication services was as follows:

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

Mobile services	2024	2023
Data revenue	28,756,080	27,208,476
Voice air-time revenue	10,201,689	10,740,449
Interconnection services	4,492,921	4,955,399
Revenue from SMS	4,457,421	3,683,049
Roaming services	1,523,083	1,588,220
Other value-added services	1,038,014	1,190,115
Subscription revenue	826,853	930,132
Other revenue	23,169	16,935
	51,319,230	**50,312,775**
Fixed line services		
Fixed line services	1,458,780	1,171,660
Total revenue from provision of telecommunication services	**52,778,010**	**51,484,435**

The majority of revenue is derived from prepaid contracts.

Commission revenue was as follows:

Commission revenue	2024	2023
Financial services	3,122,422	979,338
Utility payments	121,817	132,548
Other	25,129	129,555
	3,269,368	**1,241,441**

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

	2024	2023
Revenue recognized over time	56,357,012	52,997,957
Revenue recognized at a point in time	440,253	531,265
	56,797,265	**53,529,222**

Current year revenue includes AMD 1,445,315 thousand (2023: AMD 1,230,011 thousand) of contract liability balance included in the advances received at the beginning of the year.

7 Interconnection and roaming costs

	2024	2023
Interconnection costs	3,333,796	3,548,039
Roaming costs	777,050	912,188
	4,110,846	**4,460,227**

8 Other network operating costs

	2024	2023 (restated)
Maintenance of billing system and network equipment	2,389,456	2,352,140
Electric power	1,301,942	1,294,158
Content services	784,020	637,514
Data transferring costs	287,414	240,942
Leases of communication lines and areas	287,281	269,700

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	2024	2023 (restated)
Other radio frequencies charges	95,636	96,544
Other	13,564	12,646
	5,159,313	**4,903,644**

9 Other operating expenses

	2024	2023
Commissions	790,808	947,889
Bank charges and foreign currency conversions*	1,513,501	569,472
Office and utility expenses	564,319	572,152
Marketing and advertisement	490,182	545,623
Tax expenses and state duties	282,059	222,234
Travel and training costs	221,231	153,262
Donations and sponsorship	113,000	220,230
Impairment of financial assets	334,956	66,452
Security	121,785	190,986
Trademark royalty fee	117,179	207,123
Audit and consulting	111,597	46,554
Other expenses	1,016,047	887,132
	5,676,664	**4,629,109**

*"Bank charges and foreign currency conversions" include costs of the Subsidiary at AMD 1,428,005 thousand (2023: AMD 293,650 thousand).

10 Finance income

	2024	2023
Interest income on loans provided	1,012,276	714,437
Interest income on bank deposits	43,593	-
Interest income on cash and cash equivalents	234,080	186,591
Total finance income	**1,289,949**	**901,028**

11 Finance cost

	2024	2023 (restated)
Interest expenses on bank loans	808,701	-
Interest expenses on lease liabilities	495,408	647,127
Unwinding of discount on spectrum fees payable	1,682,792	1,779,169
Total finance cost	**2,986,901**	**2,426,296**

12 Net gain from foreign exchange rate differences

	2024	2023
Financial assets at amortized cost	1,628,581	178,133
Financial liabilities measured at amortized cost	(253,026)	(48,525)
Gain from foreign exchange rate differences, net	**1,375,555**	**129,608**

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

13 Income tax expense

	2024	2023 (restated)
Current tax	3,079,272	2,440,171
Adjustments recognized in the current year in relation to the current tax of the prior years	(521,531)	69,133
Deferred tax	111,285	674,117
Total income tax expense	**2,669,026**	**3,183,421**

Reconciliation of the effective tax rate is as follows:

	2024	Effective tax rate (%)	2023	Effective tax rate (%)
Profit before taxation (under IFRSs)	**17,600,876**		**14,764,773**	
Tax calculated at a tax rate of 18% (2023: 18%)	3,168,158	18.0	2,657,659	18.0
(Non-taxable) non-deductible items, net	18,911	0.1	268,805	1.8
Effect of transfer pricing	3,488	-	217,536	1.5
Use of accumulated tax losses	-	-	(29,712)	(0.2)
Adjustments recognized in the current year in relation to the current tax of prior years	(521,531)	(3.0)	69,133	0.5
Income tax expense	**2,669,026**	**15.1**	**3,183,421**	**21.6**

14 Property and equipment

	Lands, buildings, constructions and leasehold improvements	Network and base station equipment	Transportation facilities and constructions	Office equipment, vehicles and fixture and fittings	Total
Cost					
Balance at 1 January 2023	4,040,505	130,768,428	21,528,517	5,250,807	161,588,257
Additions	98,106	3,789,664	389,960	288,783	4,566,513
Disposals	(16,097)	(3,385,225)	(424,187)	(178,054)	(4,003,563)
Balance at 31 December 2023	**4,122,514**	**131,172,867**	**21,494,290**	**5,361,536**	**162,151,207**
Additions	69,606	2,539,076	521,484	246,549	3,376,715
Disposals	(46,965)	(2,097,368)	(70,115)	(203,305)	(2,417,753)
Transferred to intangible assets	-	(989,914)	-	-	(989,914)
Balance at 31 December 2024	**4,145,155**	**130,624,661**	**21,945,659**	**5,404,780**	**162,120,255**
Accumulated depreciation and impairment					
Balance at 1 January 2023	3,074,100	113,948,779	13,631,954	4,372,195	135,027,028
Depreciation	74,923	4,343,785	1,046,118	324,182	5,789,008
Eliminated on disposal	(16,096)	(3,359,093)	(4,049)	(175,641)	(3,554,879)
Impairment	3,253	265,184	7,270	18,320	294,027
Balance at 31 December 2023	**3,136,180**	**115,198,655**	**14,681,293**	**4,539,056**	**137,555,184**

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	Lands, buildings, constructions and leasehold improvements	Network and base station equipment	Transportation facilities and constructions	Office equipment, vehicles and fixture and fittings	Total
Depreciation	83,711	4,374,478	995,316	313,173	5,766,678
Eliminated on disposal	-	46,118	3,147	2,041	51,306
Impairment	(46,633)	(2,093,665)	(68,636)	(202,740)	(2,411,674)
Balance at 31 December 2024	**3,173,258**	**117,525,586**	**15,611,120**	**4,651,530**	**140,961,494**
Carrying amount					
Balance at 31 December 2023	**986,334**	**15,974,212**	**6,812,997**	**822,480**	**24,596,023**
Balance at 31 December 2024	**971,897**	**13,099,075**	**6,334,539**	**753,250**	**21,158,761**

The cost of fully depreciated property and equipment is AMD 83,816,174 thousand as at 31 December 2024 (31 December 2023: AMD 84,818,888 thousand).

The carrying amount of temporarily idle property and equipment is AMD 1,380,837 thousand as at 31 December 2024 (31 December 2023: AMD 1,080,468 thousand).

15 Intangible assets

	Billing and other software	Rights and licenses	Total
Cost			
Balance at 1 January 2023	3,940,425	31,763,718	35,704,143
Additions	469,863	6,041,722	6,511,585
Disposals	(215,525)	(4,225,862)	(4,441,387)
Balance at 31 December 2023	**4,194,763**	**33,579,578**	**37,774,341**
Additions	295,196	3,201,178	3,496,374
Disposals	(334,622)	(2,694,704)	(3,029,326)
Transferred from property and equipment	-	989,914	989,914
Balance at 31 December 2024	**4,155,337**	**35,075,966**	**39,231,303**
Accumulated amortization and impairment			
Balance at 1 January 2023	2,543,840	13,393,045	15,936,885
Amortization	600,535	5,699,817	6,300,352
Eliminated on disposal	(215,525)	(4,223,842)	(4,439,367)
Balance at 31 December 2023	**2,928,850**	**14,869,020**	**17,797,870**
Amortization	499,504	6,169,268	6,668,772
Eliminated on disposal	(323,731)	(2,617,937)	(2,941,668)
Balance at 31 December 2024	**3,104,623**	**18,420,351**	**21,524,974**
Carrying amount			
Balance at 31 December 2023 (restated)	**1,265,913**	**18,710,558**	**19,976,471**
Balance at 31 December 2024	**1,050,714**	**16,655,615**	**17,706,329**

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The Group holds licenses (permissions) for using radio frequency spectrum to provide telecommunication services. These permissions are issued by the Public Services Regulatory Commission and enable the Group to offer mobile services. The Group pays an annual fee for the use of the radio-frequency spectrum, and these fees are recognized as an intangible asset at their present value. The carrying amount of permissions for using radio frequencies as at 31 December 2024 is AMD 9,480,136 thousand (31 December 2023: AMD 11,359,448 thousand). The related liability in respect of future spectrum fees payable is presented in "Trade and other payables" in the consolidated statement of financial position.

The entity incurs capital expenditure to enhance the quality of its network and to acquire licenses for network operation and related software, which are critical for the ongoing operation and expansion of the network infrastructure. The material acquisitions during the reporting period include purchases from primary network providers Huawei and Ericsson at the amount of AMD 1,243,832 thousand (2023: AMD 1,327,773 thousand).

16 Leases

16.1 Right-of-use assets

	Fiber optic lines	Sites for placement of network equipment	Service centers	Administrative buildings and warehouses	Total
Cost					
Balance at 1 January 2023	1,555,272	7,596,243	2,398,430	259,284	11,809,229
Additions and remeasurements	93,371	1,315,842	335,215	448,746	2,193,174
Terminations and amendments	(883,012)	(1,138,465)	(491,221)	(471,049)	(2,983,747)
Balance at 31 December 2023	**765,631**	**7,773,620**	**2,242,424**	**236,981**	**11,018,656**
Additions and remeasurements	579,188	1,727,362	449,947	6,681	2,763,178
Terminations and amendments	(502,709)	(3,705,699)	(1,145,352)	(12,494)	(5,366,254)
Balance at 31 December 2024	**842,110**	**5,795,283**	**1,547,019**	**231,168**	**8,415,580**
Accumulated depreciation					
Balance at 1 January 2023	1,214,612	4,417,800	1,621,989	231,707	7,486,108
Amortization	145,018	1,078,622	370,476	56,878	1,650,994
Eliminated on termination and amendments	(740,184)	(891,469)	(479,112)	(271,465)	(2,382,230)
Balance at 31 December 2023	**619,446**	**4,604,953**	**1,513,353**	**17,120**	**6,754,872**
Amortization	285,232	1,071,258	384,568	51,833	1,792,891
Eliminated on termination and amendments	(488,981)	(3,145,872)	(1,075,174)	(12,496)	(4,722,523)
Balance at 31 December 2024	**415,697**	**2,530,339**	**822,747**	**56,457**	**3,825,240**
Carrying amount					
Balance at 31 December 2023	**146,185**	**3,168,667**	**729,071**	**219,861**	**4,263,784**
Balance at 31 December 2024	**426,413**	**3,264,944**	**724,272**	**174,711**	**4,590,340**

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16.2 Lease liabilities

	31 December 2024	31 December 2023
Minimum lease payments, including:		
Less than 1 year	2,323,974	2,071,908
From 1 to 5 years	4,014,861	4,392,928
Over 5 years	1,292,992	1,600,028
	7,631,827	**8,064,864**
Less amount representing interest	2,226,361	2,578,156
Present value of minimum lease payments, including:		
Less than 1 year	1,748,032	1,471,190
From 1 to 5 years	3,030,128	3,271,005
Over 5 years	627,306	744,513
Net present value	**5,405,466**	**5,486,708**
Including		
Current	1,748,032	1,471,190
Non-current	3,657,434	4,015,518

The weighted average borrowing rate applied by the Group to discount its lease liabilities was 14%.

Interest expense accrued on lease obligations for the year ended 31 December 2024 was AMD 495,408 thousand (2023: AMD 647,127 thousand) and was included in "finance costs".

Lease payments not recognized as a liability

The Group has elected not to recognize a lease liability for variable lease payments. Payments made under such leases are expensed on a straight-line basis. The expense for such payments for 2024 is AMD 287,281 thousand (2023: AMD 269,700 thousand).

17 Investments in joint ventures

During the reporting year, the Group participated in the establishment of Yesem CJSC, Armenia's national digital identification platform, which was subsequently renamed imID CJSC. The platform is designed in alignment with the European eIDAS 2.0 regulation, aiming to provide secure and reliable digital authentication for online services.

This initiative was a joint effort between the Government of Armenia, 10 commercial banks, and two local telecommunications companies, including Viva Armenia CJSC. The entity is incorporated and operates in Armenia under the Armenian legislation.

Each of the 12 founding participants made an equal capital contribution of AMD 200,000 thousand to support the development of the platform. As a result, the Company holds an equal ownership stake (1/12) in “imID” CJSC alongside the other participants.

18 Loans provided

On 1 March 2024, the Company signed a revolving loan agreement with its parent company, Fedilco Group Limited, with a maximum principal amount of USD 85,000,000. The loan carries an interest rate of 8.5% per annum and has a maturity date of 1 March 2029.

Finance income on the loan is recognized on an accrual basis using the effective interest method. The effective interest rate of the loan is 7.5%.

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

As at 31 December 2024, the outstanding balance of the loan amounted to AMD 26,601,078 thousand, which includes an accrued expected credit loss (ECL) of AMD 177,800 thousand.

Subsequently, under a statement dated 10 March 2025 between the Company and Fedilco Group Limited, the parties agreed to partially settle the loan by offsetting it against dividends declared in 2025 including respective taxes, in the amount of AMD 8,000,000 thousand.

Note 33.2 includes further disclosures relating to credit risk exposures.

19 Financial assets and liabilities

19.1 Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in Note 4.10. The carrying amounts of financial assets and financial liabilities in each category are as follows:

Financial assets

	31 December 2024	31 December 2023
Amortized cost		
Loans provided	26,601,078	20,895,006
Trade receivables	3,781,012	2,846,347
Bank deposits	3,525,618	-
Cash and cash equivalents	5,304,157	8,319,869
Cash balances on restricted accounts	846,404	812,800
Total financial assets	**40,058,269**	**32,874,022**

Financial liabilities

	31 December 2024	31 December 2023
Amortized cost		
Lease obligations	5,405,466	5,486,708
Bank loans	17,627,480	-
Dividends payable	-	21,669,500
Contract liabilities	204,307	284,124
Trade and other payables	15,092,011	17,306,591
Total financial liabilities	**38,329,264**	**44,746,923**

Details of each financial instrument is presented in respective notes.

Note 33 includes risk analysis relating to financial instruments.

Note 34 includes disclosures relating to fair value measurements of instruments.

20 Deferred income tax assets

The movement of deferred income taxes is disclosed below:

	2024	2023 (restated)
Balance at the beginning of year	2,363,406	3,037,523
Charged to profit or loss	(111,285)	(674,117)
Balance at the end of year	**2,252,121**	**2,363,406**

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

Deferred income taxes for the year ended 31 December 2024 can be summarized as follows:

	1 January 2024	Recognized in profit or loss	31 December 2024
Deferred income tax assets			
Property and equipment	946,207	(237,282)	708,925
Lease obligations	953,056	(6,805)	946,251
Trade and other payables	2,571,921	(161,833)	2,410,088
Inventories	120,869	721	121,590
Trade and other receivables	39,819	(3,813)	36,006
Loans provided	-	59,199	59,199
	4,631,872	**(349,813)**	**4,282,059**
Deferred income tax liabilities			
Right-of-use assets	767,481	58,780	826,261
Intangible assets	1,500,985	(297,308)	1,203,677
	2,268,466	**(238,528)**	**2,029,938**
Net position – deferred income tax assets	**2,363,406**	**(111,285)**	**2,252,121**

Deferred income taxes for the year ended 31 December 2023 can be summarized as follows:

	1 January 2023	Recognized in profit or loss	31 December 2023
Deferred income tax assets			
Property and equipment	1,327,993	(381,786)	946,207
Lease obligations	973,302	(20,246)	953,056
Trade and other payables	2,570,100	1,821	2,571,921
Inventories	114,366	6,503	120,869
Trade and other receivables	132,241	(92,422)	39,819
Tax losses to carry forward	29,712	(29,712)	-
	5,147,714	**(515,842)**	**4,631,872**
Deferred income tax liabilities			
Right-of-use assets	778,162	(10,681)	767,481
Intangible assets	1,302,317	198,668	1,500,985
	2,080,479	**187,987**	**2,268,466**
Valuation of deferred tax assets	(29,712)	29,712	-
Net position – deferred income tax assets	**3,037,523**	**(674,117)**	**2,363,406**

21 Inventories

	31 December 2024	31 December 2023
Spare parts	233,662	247,964
SIM cards and prepaid phone cards	70,742	102,884
Handsets and accessories	86,789	57,727
Other	92,292	98,088
Total inventories	**483,485**	**506,663**

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

22 Trade and other receivables

	31 December 2024	31 December 2023
Financial assets		
Receivables from mobile services	1,973,158	1,860,866
Receivables from interconnection	452,848	489,436
Receivables from roaming services	334,841	71,839
Receivables from money transfer services	899,471	254,147
Receivables from intermediaries for collected cash	178,885	197,362
Receivables from dealers	50,215	94,732
Receivables from sale of handsets	41,694	56,705
Other receivables	22,813	20,913
Allowances for expected credit losses	(172,913)	(199,653)
Total financial assets	**3,781,012**	**2,846,347**
Non-financial assets		
Current advances for goods and services	221,743	348,887
Prepaid taxes	20,795	12,171
Other	296,863	302,373
Total non-financial assets	**539,401**	**663,431**
Total trade and other receivables	**4,320,413**	**3,509,778**

The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The average credit period on sales of services is 19 days (2023: 18 days). No interest is charged on trade receivables.

The movement in the loss allowance of trade receivables is as follows:

	2024	2023
Loss allowance as at 1 January	199,653	720,190
Increase in the allowance during the year	304,411	66,452
Written off during the year	(331,151)	(586,989)
Loss allowance as at 31 December	**172,913**	**199,653**

Note 33.2 includes disclosures relating to credit risk exposures and analysis relating to the allowance for expected credit losses.

See Note 33.1 for the currencies in which trade and other receivables are denominated.

23 Bank deposits

During the year the Group placed several deposits with local banks at the total balance at AMD 3,525,618 thousand as at 31 December 2024.

The Group holds several deposits with AMIO Bank placed in August 2024, totaling AMD 2,934,544 thousand (USD 7,400,000) with annual interest rates ranging from 3% to 3.5%, and AMD 331,112 thousand (EUR 800,000) at an interest rate of 1.3%, all maturing in February 2025.

The Group has an AMD 218,108 thousand (USD 550,000) deposit with Inecobank, placed on 16 August 2024, and maturing on 16 August 2025, at an interest rate of 2.25%.

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24 Cash and cash equivalents and cash balances on restricted accounts

Cash and cash equivalents and cash balances on restricted accounts at the end of the financial year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position, as follows:

	31 December 2024	31 December 2023
Bank accounts	5,002,217	8,164,437
Cash in hand	47,227	23,874
Cash in transit	254,713	131,558
Cash and cash equivalents reported in the consolidated statement of cash flows	**5,304,157**	**8,319,869**
Cash balances on restricted accounts	846,404	812,800
Cash and cash equivalents and cash balances on restricted accounts reported in the consolidated statement of financial position	**6,150,561**	**9,132,669**

Balances held in restricted accounts represent designated bank accounts maintained by the Subsidiary. At all times, the balance in these accounts is required to be no less than the total collections from the previous day. These funds are restricted in use and may only be utilized for the purpose of fulfilling payment obligations related to collection services.

See Note 33.1 for the currencies in which the cash and cash equivalents are denominated.

25 Equity

25.1 Share capital

Number of shares unless otherwise stated	Ordinary shares 2024	Ordinary shares 2023
Authorized shares		
Number of ordinary shares of AMD 1,000 each	**550,000**	**550,000**

The Group has one class of ordinary shares, which carry no right to fixed income.

25.2 Dividends

In February 2024, dividends totaling AMD 6,000,000 thousand were paid to holders of ordinary shares.

In January 2024, following the decision of the Group’s previous shareholder, Aramayo Investments Limited, the dividend balance as at 31 December 2023, amounting to AMD 21,669,500 thousand, was offset against the loan provided to Mobile Telesystems PJSC (the previous parent company).

As described in Note 36, on 27 February 2025, the General Meeting of Viva Armenia CJSC Shareholders made a decision to distribute dividends in the amount of AMD 10,000,000 thousand.

25.3 Reserve capital

In accordance with the RA Law "On Joint Stock Companies" and the Company’s charter, the Company is obligated to create an undistributable reserve, capped at 15% of the issued share capital, through transfers from accumulated profits. The purpose of this reserve is to cover potential future losses.

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

26 Bank loans

During the reporting period the Group obtained several loans from local Armenian banks. The loans were taken for the purposes to make capital investment, replenishing working capital, lending, and repaying other obligations.

Details of the loan agreements are as follows:

On 20 May 2024 and 29 May 2024, the Group entered into loan agreements with Ameria Bank CJSC in the amounts of USD 20,000,000 and USD 5,000,000, respectively. Both loans carry an annual interest rate of 8.75% and mature on 20 May 2027 and 27 May 2027, respectively. The agreements include restrictive covenants, under which the Bank reserves the right to terminate the loans upon the occurrence of certain specified events. As at the date of this report, the Group remains in full compliance with all terms, conditions, and covenants set forth in the loan agreements.

On 29 May 2024, the Group obtained a loan from AMIO Bank CJSC for a principal amount of USD 12,000,000, bearing an annual interest rate of 8.175% and maturing on 20 May 2031.

On 28 October 2024, the Group entered into a new debt agreement with Converse Bank CJSC for USD 2,700,000. The loan bears an annual interest rate of 8.25% and is due for repayment on 28 October 2027.

On 4 September 2024, the Company borrowed a loan of USD 5,000,000 from ID Bank CJSC. The loan bears an annual interest rate of 8.25% and is due for repayment on 4 September 2029.

All loans are secured by a guarantee from the Group's parent, Fedilco Group Limited, which pledges all of its bank accounts, funds on deposit with financial institutions as collateral for the loans.

As at 31 December 2024 the Group has no undrawn borrowing facilities.

See Note 33.1 for more information about the Group's exposure to foreign currency risks.

27 Contract liabilities

	31 December 2024	31 December 2023
Prepaid mobile revenues	1,027,038	921,304
Roaming deposits	33,645	44,500
Other prepayments received	483,000	524,011
	1,543,683	**1,489,815**

Contract liabilities represent amounts paid by customers to the Group before receiving the goods and services promised in the contract.

Revenue recognized that was included in the contract liabilities balance at the beginning of the year amounted to AMD 1,445,315 thousand (for the year ended 31 December 2023: AMD 1,230,011 thousand).

The Group expects to recognize almost the entire amount of contract liabilities as at 31 December 2024 as revenue in 2025.

28 Trade and other payables

	31 December 2024	31 December 2023
Non-current trade and other payables		
Payables for spectrum fees	9,689,528	11,322,807
Current trade and other payables		
Trade payables	1,622,616	1,538,153
Payables for spectrum fees	1,508,242	2,110,939
Payables to employees	2,051,187	1,503,860

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	31 December 2024	31 December 2023
Payables to the State budget	135,600	2,665,529
Payables for acquisition of telecom equipment and software	55,422	247,458
Other payables and accruals	165,016	583,374
Total current trade and other payables	**5,538,083**	**8,649,313**
Total trade and other payables	**15,227,611**	**19,972,120**

Payables to employees include liabilities in respect of unused vacation days and accrued bonuses.

The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe.

See Note 33.1 for more information about the Group's exposure to foreign currency risk.

29 Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Dividends	Bank loans	Lease liabilities	Payables in respect of spectrum fees	Total
Balance at 1 January 2023	-	-	5,574,959	12,772,570	18,347,529
Cash-flows					
Payments	-	-	(2,439,662)	(2,919,899)	(5,359,561)
Non-cash					
Dividend declared	31,810,000	-	-	-	31,810,000
Withholding tax accrued	(1,590,500)	-	-	-	(1,590,500)
Offset with loans provided	(8,550,000)	-	-	-	(8,550,000)
Interest accrued	-	-	647,127	1,779,169	2,426,296
Additions and remeasurements	-	-	2,306,331	1,801,906	4,108,237
Terminations and amendments	-	-	(600,429)	-	(600,429)
Foreign exchange loss	-	-	(1,618)	-	(1,618)
Balance at 31 December 2023	**21,669,500**	**-**	**5,486,708**	**13,433,746**	**40,589,954**
Cash-flows					
Proceeds	185,182	17,350,976	-	-	17,536,158
Payments	(5,700,000)	(186,610)	(2,687,172)	(3,918,768)	(12,492,550)
Withholding tax paid	(1,890,500)	-	-	-	(1,890,500)
Interest paid	-	(717,648)	-	-	(717,648)
Non-cash					
Dividend declared	6,000,000	-	-	-	6,000,000
Reclassified from payables to the State budget	1,590,500	-	-	-	1,590,500
Offset with loans (note 25.2)	(21,854,682)	-	-	-	(21,854,682)
Interest accrued	-	808,701	495,408	1,682,792	2,986,901
Additions and remeasurements	-	-	2,763,178	-	2,763,178
Terminations and amendments	-	-	(643,731)	-	(643,731)

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	Dividends	Bank loans	Lease liabilities	Payables in respect of spectrum fees	Total
Foreign exchange gain (loss)	-	372,061	(8,925)	-	363,136
Balance at 31 December 2024	**-**	**17,627,480**	**5,405,466**	**11,197,770**	**34,230,716**

30 Related parties

The Group's related parties include its parent companies, entities under common control, key management personnel, and other related parties as detailed below.

30.1 Control relationships

The Group is controlled by Fedilco Group Limited, which holds 80% of the Group's shares. The ultimate parent of the Group is Nofal Holding Ltd, which has 75% ownership interest. Nofal Holding Ltd is incorporated in Nicosia, Cyprus, and is registered at Romanou 4-6, Iviskos Building, Flat/Office 111, Agios Antonios, 1070 with the registration No. HE 433417. The ultimate beneficiaries of the Group are Mr. Zhe Zhang and Mr. Konstantin Sokolov with 75% and 25% respective holdings.

Up to 23 January 2024, the Group was under the control of Aramayo Investments Limited, the sole shareholder holding 100% of the Company's equity. The Group's ultimate parent during this period was Sistema Joint Stock Financial Corporation, a Russian entity headquartered at 13 Mokhovaya Street, Moscow, 125009.

In January 2024, the Group announced a change in its shareholder. The new shareholder is Fedilco Group Limited, a company incorporated in Cyprus and registered in the Nicosia Commercial Register under number HE 433524. The transaction was officially recorded in the Central Depository of Armenia on 23 January 2024.

Considering the strategic importance of the Company for Armenia, Fedilco Group Limited transferred 20% of the shares of Viva Armenia CJSC to the Republic of Armenia, represented by the Staff of the RA Prime Minister. The transaction has been duly registered on 25 March 2024.

30.2 Transactions with related parties

Throughout the reporting year, the Group engaged in the following transactions with related parties and held the following outstanding balances as at the reporting date.

The results for the period January 1 to January 23, 2024, reflect transactions with the Group's previous shareholders and companies under common control prior to the change in ownership on January 24, 2024.

Transactions	Period from 24 January to 31 December 2024	Period from 1 to 23 January 2024	2023
Parent			
Provision of services and sale of goods	-	168,849	2,886,780
Acquisition of goods and services	-	212,232	3,441,393
Provision of loans	25,218,941	-	11,970,929
Repayment of loans	-	279,592	-
Accrual of interest income	1,135,041	28,316	714,408
Entities under common control			
Acquisition of goods and services	-	21,447	266,564
Provision of services and sale of goods	-	45	-

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

Outstanding balances	2024	2023
Parent		
Trade and other receivables	-	754,132
Trade and other payables	-	645,145
Loans provided	26,601,078	20,895,006

During the reporting year, the parent company, Fedilco Group Limited, provided guarantees for all bank loans of Viva Armenia CJSC.

30.1 Transactions with management and close family members

The Director of Viva Armenia CJSC and their close family members as at 31 December 2024 and 31 December 2023 had no shares in the Group.

Key management received the following remuneration during the year, which is included in "payroll and employee benefits" in the consolidated statement of profit or loss. The balance in respect of accrued salaries and bonuses is included in "Trade and other payables".

	2024	2023
Salaries and bonuses	1,980,609	1,218,843
Trade and other payables	961,153	310,201

31 Commitments

31.1 Capital commitments

The Group has entered into contracts to purchase property and equipment for AMD 3,721,471 thousand (2023: AMD 4,747,737 thousand). The Group is planning substantial investments in developing its 5G network to ensure consistent operations and future growth.

There are no future capital commitments of the Group with related parties.

32 Contingent liabilities

32.1 Taxes

The taxation system in Armenia is characterized by frequently changing legislation, which sometimes needs interpretations. Often differing interpretations exist among various taxation authorities and jurisdictions. Taxes are subject to review and investigations by tax authorities, which are enabled by law to impose fines and penalties.

These facts may create tax risks in Armenia substantially more than in other developed countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations, and the effects could be significant.

32.1 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 Group does not have full coverage for its property, business interruption, or third-party liability in respect of property or environmental damage arising from accidents on the Group property or relating to the Group operations. Until the Group 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 Group's operations and financial position.

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33 Financial instruments risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The most significant financial risks to which the Group is exposed are described below.

33.1 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, which results from its operating, investing and financing activities.

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

Most of the Group's transactions are carried out in Armenian drams. Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in USD and Euro. The Group also has significant USD loans provided, bank loans received and deposits.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into Armenian drams at the closing rate:

Item

31 December 2024	USD	Euro	Other
Financial assets			
Loans provided	26,601,078	-	-
Trade receivables	61,453	321,645	5,489
Bank deposits	3,191,629	332,759	-
Cash and cash equivalents	415,562	390,784	86,825
Cash held on restricted accounts	-	-	261,194
Total financial assets	**30,269,722**	**1,045,188**	**353,508**
Financial liabilities			
Lease obligations	191,410	-	-
Bank loans	17,627,480	-	-
Contract liabilities	-	-	142,782
Trade and other payables	159,304	131,589	3,991
Total financial liabilities	17,978,194	131,589	146,773
Net position	**12,291,528**	**913,599**	**206,735**

Item

31 December 2023	USD	Euro	Other
Financial assets			
Loans provided	20,895,006	-	-
Trade receivables	36,277	529,033	13,598
Cash and cash equivalents	548,291	144,269	439,235

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

Item

31 December 2023	USD	Euro	Other
Cash held on restricted accounts	-	-	58,923
Total financial assets	**21,479,574**	**673,302**	**511,756**
Financial liabilities			
Lease obligations	3,715	-	-
Contract liabilities	-	-	256,118
Trade and other payables	329,248	598,076	84,910
Total financial liabilities	**332,963**	**598,076**	**341,028**
Net position	**21,146,611**	**75,226**	**170,728**

The following table details the Group's sensitivity to a 10% (2023: 10%) increase and decrease in dram against relevant currency. 10% (2023: 10%) represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2023: 10%) change in foreign currency rates.

If Armenian dram had strengthened against relevant currency by 10% (2023: 10%) then this would have had the following impact:

	2024	2023
USD	(1,229,153)	(2,114,661)
Euro	(91,360)	(7,523)

Exposures to foreign exchange rates vary during the year depending on the volume of transactions in foreign currencies. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

33.2 Credit risk analysis

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group management carefully manages its exposure to credit risk. The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures. The estimation of credit risk for risk management purposes involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time.

In accordance with IFRS 9 the Group records an allowance for expected credit losses (ECL) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due under the contract and all cash flows that the Group expects to receive. The shortfall is discounted at an approximation to the asset's original effective interest rate.

The expected credit-loss approach uses three stages for allocating impairment losses:

Stage 1: expected credit losses within the next twelve months

Stage 1 includes all contracts with no significant increase in credit risk since initial recognition and usually contains new contracts that are fewer than 31 days past due date. The portion of the lifetime expected credit losses resulting from default events possible within the next 12 months is recognized.

Stage 2: expected lifetime credit losses - not credit impaired

If a financial asset has a significant increase in credit risk since initial recognition but is not yet credit impaired, it is moved to stage 2 and measured at lifetime expected credit loss. This is defined as the expected credit loss that results from all possible default events over the expected life of the financial instrument.

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

In all cases, the Group considers that there has been a significant increase in credit risk when the contractual payment is more than 30 days past due.

Stage 3: expected lifetime credit losses - credit impaired

If a financial asset is defined as credit impaired or in default, it is transferred to stage 3 and measured at lifetime expected credit loss. Objective evidence for a credit-impaired financial asset includes 90 days past due date as well as other information indicating significant financial difficulties of the counterparty. The Group considers a financial asset to be in default when the counterparty is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

The determination of whether a financial asset has experienced a significant increase in credit risk is based on an assessment of the probability of default, which is made at least monthly, incorporating external credit rating information as well as internal information on the credit quality of the financial asset. For financial assets that are not receivables from financial institutions, a significant increase in credit risk is assessed mainly based on past-due information.

The maximum exposure to credit risk is represented by the carrying amounts of the following financial instruments:

	31 December 2024	31 December 2023
Amortized cost		
Loans provided	26,601,078	20,895,006
Trade receivables	3,781,012	2,846,347
Bank deposits	3,525,618	-
Cash and cash equivalents	5,256,930	8,295,995
Cash held on restricted accounts	846,404	812,800
Total financial assets	**40,011,042**	**32,850,148**

Trade receivables

The concentration of credit risk with respect to trade receivables is limited given that the Group's customer base is large and unrelated.

The Group applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due for groupings of various customer segments with similar loss patterns. The expected loss rates are based on the payment profile for sales of the last year as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to make payments and failure to engage with the Group on alternative payment arrangement amongst others are considered indicators of no reasonable expectation of recovery.

The Group's management reviews ageing analysis of outstanding trade receivables, except for receivables from financial institutions, and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other rating information about credit risk of these receivables as follows:

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	2024	2023
Receivables from mobile and related services	2,875,569	2,594,491
Expected credit losses	(172,913)	(199,653)
	2,702,656	**2,394,838**
Receivables from financial institutions	1,078,356	451,509
	3,781,012	**2,846,347**

31 December 2024	Expected credit loss	Gross carrying amount	Lifetime expected credit loss
Non past due - 30	0.4%	2,601,632	9,779
31- 60	11%	65,440	7,127
61 - 90	27%	27,695	7,599
91 - 180	46%	44,561	20,633
181 – 360	83%	49,710	41,244
361 - more	100%	86,531	86,531
		2,875,569	**172,913**

31 December 2023	Expected credit loss	Gross carrying amount	Lifetime expected credit loss
Non past due - 30	0.7%	2,076,274	14,819
31- 60	4%	284,291	11,328
61 - 90	32%	34,330	10,896
91 - 180	44%	52,931	23,227
181 – 360	87%	55,626	48,344
361 - more	100%	91,039	91,039
		2,594,491	**199,653**

Management believes there is no further credit risk provision required in excess of the normal provision for bad and doubtful receivables.

Bank balances, deposits and receivables from financial institutions

The credit risk in respect of bank balances and deposits and receivables from banks and financial institutions is managed via diversification of banks and are only held with major reputable financial institutions.

The table below discloses the credit quality of balances from financial institutions based on credit risk grades at 31 December 2024 and 31 December 2023.

S&P Global Ratings	2024	2023
A+	52,268	5,344
BB-	1,483,863	4,652,857
B+	1,202,464	3,300,699
B	7,052	2,944
Not rated	7,961,661	1,598,460
Total	**10,707,308**	**9,560,304**

Management assessed the balances held in unrated banks and amounts due from financial institutions to be within the B1–B2 credit rating range, based on S&P equivalents.

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

The above bank balances, deposits, and receivables are neither past due nor impaired, and the expected credit loss (ECL) is considered insignificant.

Loans provided

The Group management concluded that there is no significant increase in credit risk in respect of the loan balance provided to the parent company since initial recognition, and recognized the lifetime expected credit loss possible within the next 12 months at the amount of AMD 177,800 thousand. The loan provided is not secured.

33.3 Liquidity risk analysis

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

The Group's policy is to run a prudent liquidity management policy by means of holding sufficient cash and cash equivalents, as well as highly liquid assets for making all operational and debt service related payments when those become due.

The following tables, based on the information provided to the management of the Group, reflect the structure of assets and liabilities in accordance with the contractual maturity.

2024	Demand and less than 1 month	1 month to 6 months	6 months to one year	From 1 to 5 years	More than 5 years	Total
Assets						
Loans provided	-	-	-	36,202,376	-	36,202,376
Trade receivables	2,559,375	813,075	408,562	-	-	3,781,012
Bank deposits	-	3,307,510	218,108	-	-	3,525,618
Cash and bank balances	5,304,157	-	-	-	-	5,304,157
Cash held on restricted accounts	846,404	-	-	-	-	846,404
	8,709,936	**4,120,585**	**626,670**	**36,202,376**	**-**	**49,659,567**
Liabilities						
Lease obligations	148,516	1,013,471	1,161,987	4,014,861	1,292,992	7,631,827
Bank loans	89,576	3,419,216	1,133,125	13,084,531	4,211,813	21,938,260
Contract liabilities	204,307	-	-	-	-	204,307
Trade and other payables	3,974,419	1,428,190	1,428,190	11,890,929	1,149,806	19,871,533
Total potential future payments for financial obligations	**4,416,818**	**5,860,876**	**3,723,301**	**28,990,321**	**6,654,611**	**49,645,927**
Net liquidity position	**4,293,118**	**(1,740,291)**	**(3,096,631)**	**7,212,055**	**(6,654,611)**	**13,641**

2023	Demand and less than 1 month	1 month to 6 months	6 months to one year	From 1 to 5 years	More than 5 years	Total
Assets						
Loans provided	20,895,006	-	-	-	-	20,895,006
Trade and other receivables	1,893,829	748,281	204,238	-	-	2,846,347
Cash and bank balances	8,319,869	-	-	-	-	8,319,869
Cash held on restricted accounts	812,800					812,800
	31,921,504	**748,281**	**204,238**	**-**	**-**	**32,874,022**

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

2023	Demand and less than 1 month	1 month to 6 months	6 months to one year	From 1 to 5 years	More than 5 years	Total
Liabilities						
Lease obligations	191,950	965,968	913,990	4,392,928	1,600,028	8,064,864
Dividends payable	21,669,500	-	-	-	-	21,669,500
Contract liabilities	284,124	-	-	-	-	284,124
Trade and other payables	4,675,563	1,428,190	1,428,190	12,464,200	3,692,586	23,688,728
Total potential future payments for financial obligations	**26,821,137**	**2,394,158**	**2,342,180**	**16,857,128**	**5,292,614**	**53,707,216**
Net liquidity position	**5,100,367**	**(1,645,877)**	**(2,137,942)**	**(16,857,128)**	**(5,292,614)**	**(20,833,194)**

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, particularly its cash resources, bank deposits and trade receivables.

34 Fair value measurement

The Group 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).

34.1 Fair value measurement of financial instruments

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

Trade receivables and payables, bank deposits, cash and cash equivalents are either liquid or short-term, thus, it is assumed that the carrying amount is close to their fair value.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the Group's interest-bearing loans and borrowings are determined by using the discounted cash flows method using the discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.
- Fair value of lease liabilities is estimated by the discounted cash flows method, using the market interest rates that the Group would have to pay at the reporting date to obtain a loan with a similar term and security for the purpose of acquiring the asset at a similar value in a similar economic environment.

The table below presents the fair value of financial assets and liabilities not measured at their fair value in the statement of financial position.

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

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	31 December 2024	
	Fair value	Carrying amount
Financial assets		
Loans provided	26,601,078	26,601,078
Trade receivables	3,781,012	3,781,012
Bank deposits	3,525,618	3,525,618
Cash and cash equivalents	5,304,157	5,304,157
Cash balances on restricted accounts	846,404	812,800
Financial liabilities		
Lease obligations	5,405,466	5,405,466
Bank loans	17,627,480	17,627,480
Contract liabilities	204,307	204,307
Trade and other payables	15,092,011	15,092,011

	31 December 2023	
	Fair value	Carrying amount
Financial assets		
Loans provided	20,895,006	20,895,006
Trade receivables	2,846,347	2,846,347
Cash and cash equivalents	8,319,869	8,319,869
Financial liabilities		
Lease obligations	5,486,708	5,486,708
Contract liabilities	284,124	284,124
Dividends payable	21,669,500	21,669,500
Trade and other payables	17,306,591	17,306,591

35 Capital management policies and procedures

The Group manages its capital to ensure that it will be able to continue as a going concern and provide adequate return to stakeholders.

The capital structure of the Group consists of equity attributable to equity holders of the parent comprising issued capital, reserves, bank borrowings and accumulated profits.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a ratio of "net debt" to "equity".

For the year ended 31 December 2024 (expressed in thousands of Armenian drams (AMD))

	31 December 2024
Net debt	
Bank loans	17,627,480
Less: cash and cash equivalents	(5,304,157)
	12,323,323
Total equity	**46,417,256**
Net debt to equity ratio	**0.27**

The Group's gearing ratio in 2023 is nil.

36 Events after reporting date

Public placement of nominal coupon book-entry bonds

In February 2025, Viva Armenia CJSC announced the issuance of nominal, coupon paying bonds. The Group has issued dollar-denominated bonds with a total face value of 80 million US dollars. The underwriter for these bonds is Ameriabank CJSC.

The funds raised through this issuance will be used by the Group to refinance loans, cover capital and other strategic costs.

The face value of each bond is 100 US dollars with an annual coupon rate of 7.65% (with a coupon periodicity of 6 months), while the maturity period is 36 months. The placement of the bonds was launched on 12 February 2025 and will last for 90 business days.

Dividends

On 27 February 2025, the General Meeting of Shareholders of Viva Armenia CJSC decided to distribute dividends totaling AMD 10,000,000 thousand. The dividends were distributed to shareholders in proportion to their respective shareholdings.