

**ՀԻՄՆԱԴՐԱՄՆԵՐԻ ԿՈՂՄԻՑ ՀՐԱՊԱՐԱԿՎՈՂ ՀԱՇՎԵՏՎՈՒԹՅԱՆ
 ՀԱՍՏԱՏՎԱԾ Է
 Հիմնադրամի հոգաբարձուների
 խորհրդի 29-09-2022 թ. որոշմամբ
 «ՄԻՄՈՆՅԱՆ ԿՐԹԱԿԱՆ ՀԻՄՆԱԴՐԱՄ»
 Հ Ա Շ Վ Ե Տ Վ ՈՒ Թ Յ ՈՒ Ն
 հիմնադրամի 2021 թ. գործունեության մասին**

1. Հիմնադրամի՝		
1.1 Լրիվ անվանումը	ՄԻՄՈՆՅԱՆ ԿՐԹԱԿԱՆ ՀԻՄՆԱԴՐԱՄ	
1.2 Գտնվելու վայրը	ԵՐԵՎԱՆ ԱԶԱՓՆՅԱԿ ԱԶԱՓՆՅԱԿ ԹԱՂԱՄԱՍ ՀԱԼԱԲՅԱՆ 16	
1.3 Պետական գրանցման համարը	222.160.01143	
1.4 Պետական գրանցման տարին, ամիսը, ամսաթիվը	2009-10-14	
1.5 ՀՎՀՀ-ն	01245672	
1.6 Հեռախոսը (այդ թվում՝ բջջային)	+(374)10398413	
1.7 Պաշտոնական ինտերնետային կայքը		
1.8 Էլեկտրոնային փոստը	info@tumo.org	
2. Հիմնադրի անուն, ազգանուն կամ անվանում՝		
Սամվել Սիմոնյան Սայմրն		
3. Հոգաբարձուների խորհրդի անդամների անուն, ազգանուն՝		
4. Կառավարչի անուն, ազգանուն՝		
Մարի Լու Փափազյան		
5. Աշխատակազմում ընդգրկված անձանց քանակը	341	
6. Անձեռնմխելի կապիտալի չափը	0	
7. Անձեռնմխելի կապիտալի կառավարումից ստացված եկամուտ	0	
8. Ֆինանսավորման աղբյուրները՝		
8.1 Ֆինանսավորումն ըստ խմբերի	8.2 Ստացված ֆինանսական միջոցների նպատակը	8.3 Չափը
8.1.1 Պետական և համայնքային բյուջեներից դրամական մուտքեր		
	Թումո ստեղծարար տեխնոլոգիաների կենտրոն ծրագիր (ք.Ստեփանակերտ)	9,937,040
8.1.2 Իրավաբանական անձանցից դրամական մուտքեր		
	Թումո ստեղծարար տեխնոլոգիաների կենտրոնի ընդլայնում ծրագիր	186,479,573
	Թումո Ստուդիաներ	11,898,090
	ԵՄ ԹՈՒՄՈ Ինժինեռական և կիրառական Գիտությունների համալիր	2,012,887,044

	Թումո ստեղծարար տեխնոլոգիաների կենտրոնի ընդլայնում ծրագիր (ք.Գլուսի)	260,212,611
	Թումո ստեղծարար տեխնոլոգիաների կենտրոն ծրագիր (ք.Ստեփանակերտ)	48,814,369
	Տավուշի մարզի Կողբ համայնքում Թումո կենտրոնի ստեղծում	197,797,816
	Թումո ստեղծարար տեխնոլոգիաների կենտրոնի ընդլայնում ծրագիր (ք.Երևան)	1,024,146,171
8.1.3 Ֆիզիկական անձանցից դրամական մուտքեր		
	Թումո Ստուդիաներ	157,769
	Թումո ստեղծարար տեխնոլոգիաների կենտրոնի ընդլայնում ծրագիր	11,609,180
9. Հիմնադրի ներդրումը՝		
9.1 Դրամական միջոցներ		1
9.2 Գույք	9.2.1 Տեսակը	9.2.2 Արժեքը
10. Նվիրատվություններ/ նվիրաբերությունները		
10.1 Նվիրատուները/նվիրաբերողներն ըստ խմբերի՝	10.2 Նվիրված/նվիրաբերված գույք	
	10.2.1 Տեսակը	10.2.2 Արժեքը
10.1.1 Հայաստանի Հանրապետություն/համայնքներ		
10.1.2 Իրավաբանական անձինք		
10.1.3 Ֆիզիկական անձինք		
11. Իրականացված ծրագրերը՝		
11.1 Ծրագրի անվանումը	11.2 Ծախսված գումարը	
ԵՄ ԹՈՒՄՈ Ինժինեթական և կիրառական Գիտությունների համալիր	267,932,063	
Թումո ստուդիաներ	163,489,131	
Հովհաննես Թումանյանի անվան զբոսայգու վերակառուցման, վերանորոգման և պահպանման ծրագիր	57,510,370	
Տավուշի մարզի Կողբ համայնքում Թումո կենտրոնի ստեղծում	1,142,541	
Թումո ստեղծարար տեխնոլոգիաների կենտրոն ծրագիր (ք.Ստեփանակերտ)	79,854,430	
Թումո ստեղծարար տեխնոլոգիաների կենտրոն ծրագիր ԿԲ հետ համատեղ (ք.Դիլիջան)	43,930,089	
Թումո ստեղծարար տեխնոլոգիաների կենտրոնի ընդլայնում ծրագիր	1,895,802,779	
12. Ֆինանսական տարում օգտագործված միջոցների ընդհանուր չափը	2,509,661,403	
13. Կանոնադրական նպատակների իրականացմանն ուղղված ծախսերի չափը	2,509,661,403	

Նշումներ՝

Առուղիտորական եզրակացությունը և ֆինանսական հաշվետվությունները ընդհանուր 34 էջ ծավալով կցված է Հիմնադրամների կողմից հրապարակվող հաշվետվությանը: Անհրաժեշտության դեպքում պատրաստականություն ենք հայտնում այն ուղարկել նաև էլեկտրոնային փոստի միջոցով: Հիմնադրամի կողմից հաշվետու տարում կատարվել են նաև ձեռնարկատիրական ծախսեր՝ ընդամենը 12,137,359 դրամ չափով:

Ֆինանսական հաշվետվություններն ու ֆինանսական հաշվետվությունների վերաբերյալ առուղիտոն իրականացնող անձի (առուղիտորի) եզրակացությունը՝ 34 էջերից:
Էջերի քանակը

Հիմնադրամի տնօրեն _____
ստորագրությունը, անունը, ազգանունը

Գլխավոր հաշվապահ _____
ստորագրությունը, անունը, ազգանունը

Consolidated Financial Statements and Independent Auditor's Report

Simonian Educational Foundation

31 December 2021



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Independent auditor's report

Գրանթ Թորնթոն ՓԲԸ
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To the members of Board of Trustees of Simonian Educational Foundation

Opinion

We have audited the consolidated financial statements of Simonian Educational Foundation (the “Parent”) and its subsidiaries (together the “Group”), which comprise the consolidated statement of financial position as of 31 December 2021, and the consolidated statement of income and expenses, consolidated statement of changes in net assets, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant 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 of 31 December 2021, 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 financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the 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 those authorized by the legislation of the Republic of Armenia either intend 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

Narine Achemyan, ACCA
Engagement Manager



7 October 2022



List of members of the board of trustees of Simonian Educational Foundation

Samvel Simon Simonian – President of the Board

Sevan Natasha Simonian – Member of the Board

Silva Ohanian Simonian - Member of the Board

Consolidated statement of financial position

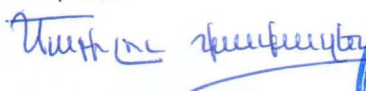
In thousand drams

	Note	As of 31 December 2021	As of 31 December 2020
Assets			
<i>Non-current assets</i>			
Property and equipment	4	5,059,497	4,498,397
Right of use assets	5	260,588	-
Intangible assets		14,466	19,538
Deferred income tax assets	6	18,024	52,960
Prepayments for non-current assets		269,998	917
Borrowings provided	7	54,753	41,362
		<u>5,677,326</u>	<u>4,613,174</u>
<i>Current assets</i>			
Inventories	8	232,789	214,655
Trade and other receivables	9	177,372	192,657
Borrowings provided	7	834	1,435
Term deposits	10	930,576	2,147,718
Cash and bank balances	11	1,708,348	373,022
		<u>3,049,919</u>	<u>2,929,487</u>
Total assets		<u><u>8,727,245</u></u>	<u><u>7,542,661</u></u>
Liabilities and net assets			
<i>Non-current liabilities</i>			
Bank loans and borrowings	12	61,458	82,724
Lease liabilities	13	217,325	-
Grants related to assets	14	5,858,588	5,839,334
		<u>6,137,371</u>	<u>5,922,058</u>
<i>Current liabilities</i>			
Bank loans and borrowings	12	157,851	18,076
Trade and other payables	15	450,997	346,147
Current portion of lease liabilities	13	16,510	-
Deferred revenue	16	1,658,207	300,000
Current income tax liabilities		5,348	59,061
		<u>2,288,913</u>	<u>723,284</u>
<i>Net assets</i>			
Accumulated profit		263,748	881,171
Total net assets attributable to the parent		<u>263,748</u>	<u>881,171</u>
Non-controlling interest			
		37,213	16,148
		<u>300,961</u>	<u>897,319</u>
Total net assets and liabilities		<u><u>8,727,245</u></u>	<u><u>7,542,661</u></u>

The consolidated financial statements were approved on 7 October 2022 by:

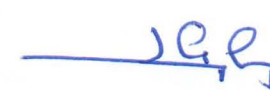
Marie Lou Papazian

Director



Aram Narimanyan

Chief Accountant



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 10 to 34.



Consolidated statement of income and expenses

In thousand drams	Note	Year ended 31 December 2021	Year ended 31 December 2020
Income from grants and donations		2,066,127	1,909,929
Other revenues	17	490,944	336,805
		<u>2,557,071</u>	<u>2,246,734</u>
Employee compensation		(1,808,851)	(1,483,064)
Depreciation and amortization		(209,372)	(181,276)
Other operating expenses	18	(727,621)	(528,245)
(Loss)/profit from operating activities		<u>(188,773)</u>	<u>54,149</u>
Finance income	19	20,531	7,144
Finance costs	19	(27,748)	(7,139)
(Loss)/gain from exchange differences, net	20	(356,351)	195,711
(Loss)/profit before income tax		<u>(552,341)</u>	<u>249,865</u>
Income tax expense	21	(44,017)	(21,160)
(Loss)/profit for the year		<u>(596,358)</u>	<u>228,705</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(596,358)</u>	<u>228,705</u>
Total comprehensive income for the year attributable to:			
Non-controlling interest		21,065	6,652
Parent		(617,423)	222,053

The consolidated statement of income and expenses is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 10 to 34.

Consolidated statement of changes in net assets

In thousand drams	Accumulated profit	Non- controlling interest	Total
as of 1 January 2020	659,118	9,496	668,614
Profit for the year	222,053	6,652	228,705
Total comprehensive income for the year	222,053	6,652	228,705
as of 31 December 2020	881,171	16,148	897,319
Loss for the year	(617,423)	21,065	(596,358)
Total comprehensive income for the year	(617,423)	21,065	(596,358)
as of 31 December 2021	263,748	37,213	300,961

The consolidated statement of changes in net assets is to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 10 to 34.

Consolidated statement of cash flows

In thousand drams	Year ended 31 December 2021	Year ended 31 December 2020
Cash flows from operating activities		
(Loss)/profit for the year	(596,358)	228,705
<i>Adjustments for:</i>		
Depreciation and amortization	209,372	181,276
Loss from disposal of property and equipment	2,014	2,218
Finance expense	27,748	7,139
Finance income	(20,531)	(7,144)
Income tax expense	44,017	21,160
Foreign exchange (loss)/gain, net	356,351	(195,711)
<i>Operating profit before working capital changes</i>	<u>22,613</u>	<u>237,643</u>
Change in trade and other receivables	(260,710)	(52,336)
Change in inventories	(18,134)	85,477
Change in trade and other payables	101,998	147,099
Change in grants	1,377,461	2,042,910
Change in provided borrowings	(6,588)	2,253
<i>Cash generated from operations</i>	<u>1,216,640</u>	<u>2,463,046</u>
Interest paid	(6,709)	(7,172)
Income tax paid	(62,794)	(17,304)
<i>Net cash from operating activities</i>	<u>1,147,137</u>	<u>2,438,570</u>
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	(785,083)	(720,994)
Term deposits repaid/made, net	949,194	(2,078,338)
<i>Net cash generated from/(used in) investing activities</i>	<u>164,111</u>	<u>(2,799,332)</u>
Cash flows from financing activities		
Proceeds from borrowings	140,000	-
Repayment of loans and borrowings	(14,094)	(12,820)
Lease payments	(30,168)	-
<i>Net cash generated from/(used in) financing activities</i>	<u>95,738</u>	<u>(12,820)</u>
Net increase/(decrease) in cash and bank balances	1,406,986	(373,582)
Foreign exchange effect on cash	(71,660)	123,746
Cash and bank balances at the beginning of the year	373,022	622,858
Cash and bank balances at the end of the year	<u>1,708,348</u>	<u>373,022</u>

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 10 to 34.

Notes to the consolidated financial statements

1 Nature of operations and general information

Simonian Educational Foundation (the Parent, together with its subsidiary the “Group”) was established by Armenians from America benefactors Sam and Silva Simonians (Founder). The Group was registered in the state register of the Republic of Armenia on 14 October 2009.

The Group started its activities in 2010. Currently the Group continues to implement the following projects: the creation of a Tumo Centre of creative technologies and implementation of Tumo projects, maintenance of the park after Hovhannes Tumanyan, in the scope of project of reconstruction and maintenance of the park. The opening of the Tumo Centre of creative technologies was on 14 August 2011, the Centre provides free of charge classes to teenagers ageing 12-18 in the field of information technologies, supports the RA youth of the senior group (ageing 19-26) the widening of professional knowledge through purposeful classes with certain directions.

In accordance with the contract signed on 31 May 2014 between the community of Yerevan and the Group, area of 15.62 hectare of the park after Hovhannes Tumanyan situated at 16 Halabyan Street, Yerevan was provided to the Group for the free of charge use for 99 years.

The Group has hubs in Yerevan, Dilijan, Gyumri and Stepanakert, with 6 TUMO Boxes operating in neighboring towns. Outside of Armenia, there are centers in Paris, Beirut, Moscow, Tirana, Berlin, Kyiv and Lyon. Within the framework of the TUMO Armenia campaign, there will be 110 TUMO Boxes connected to 16 fully equipped TUMO hubs across Armenia and Artsakh.

The launch of the Tumo Box project was announced in 2019. Tumo Boxes are going to be Tumo satellite centers, which will be connected to the big Tumo centers by transport. This system allows providing the young people of the regions with Tumo educational experience with minimal financial means. The Tumo box is an easy-to-move but technically equipped mini Tumo. It can be placed in any town or village and served as a Tumo self-study area for local teenagers. After undergoing self-study process at their local Tumo box, the students are directed to a nearby large center, the Tumo Hub, for specialized training.

In 2017 the Group took initiative to implement Tumo Studios educational program, with a total budget of US dollars 5,000,000. The main objective of the program is to create a single platform by inviting leading international specialists in design and cooking on one hand, and making students part of the program on the other hand, where as a result of their cooperation, high-quality art pieces and tasteful dishes will be created and future professionals of Armenia will receive an education. The program will also be funded by contributions, donations from Sam and Silva Simonians Foundation, Armenian General Benevolent Union, JHM Foundation, as well as other individuals. The program is planned to be completed by 31 December 2024.

During 2017 the Parent has founded Tumo Ventures CJSC (80% shares) and acquired 3 other subsidiary companies: Ardean LLC (60% shares), Khelagar Saqo LLC (100% shares) and Shunn u Katun LLC (100% shares).

During 2019 60% shares in Ardean LLC were disposed by the Parent.

In accordance with the agreement dated 22 December 2017, aiming to contribute to extending and development of Knowledge For Development project, also to extending of Tumo Centre of creative technologies, the Group together with the Central Bank of Armenia is going to implement Tumo Dilijan project. For this purpose the Central Bank of Armenia inputs the right of property control for the use of area, invests money and property, and the Group invests skills, experience, professional and other knowledge set for the implementation of the project, as well as finances of the rest of the expenses for the project.

The Group implements “EU-TUMO Convergence Center for Engineering and Applied Science” Project. The implementation period of the project is 57 months. The overall budget of the project is EUR 17,193,695.

Launched in 2019, the EU Tumo Convergence Center for Engineering and Applied Science project is being implemented in cooperation with the European Union and will be located near the Tumo Center in Yerevan. The Center occupying an area of 25 thousand square meters will be a hub for research, education and startups. The project will create an open platform and active community, combining education and business, bringing together students, young professionals, and local companies with their international partners. The architectural design of the Center will be implemented by the world-famous Dutch company MVRDV. The final architectural project will be presented in the spring of 2023.

The legal address of the Group is 16 Halabyan Street, Yerevan, Republic of Armenia.

As of 31 December 2021 the number of employees of the Group was 345 (2020: 267).

2 Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”). They have been prepared under the assumption that the Group operates on a going concern basis.

Currently, IFRSs do not contain specific guidance for non-profit organizations and non-governmental organizations concerning the accounting treatment and presentation of financial statements. Where IFRSs do not give guidance on how to treat transactions specific to not for profit sector, accounting policies have been based on the general principles of IFRSs, as detailed in the International Accounting Standards Board (“IASB”) *The Conceptual Framework for Financial Reporting*.

2.2 Basis of measurement

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.

2.3 Functional and presentation currency

The national currency of Armenia is the Armenian dram (“dram”), which is the Group’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 Armenian drams (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 Armenian drams has been rounded to the nearest thousand.

2.4 Use of estimates and judgment

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 income and expenses during the reporting period. Significant areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 23 to the consolidated financial statements.

2.5 Adoption of new and revised standards

In the current year the Group has adopted all of 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 2021.

The nature and the effect of these changes are disclosed below.

New and revised standards and interpretations that are effective for annual periods beginning on or after 1 January 2021

New standards and amendments described below and applied for the first time in 2021 did not have an impact on the annual consolidated financial statements of the Group:

Standard	Title of Standard or Interpretation
<i>Various</i>	<i>Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 16, IFRS 4, IFRS 7)</i>

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.

Management does not anticipate an impact on the Group’s consolidated financial statements from these Standards and Amendments, they are presented below:

Standard	Title of Standard or Interpretation	Effective for reporting periods beginning on or after
<i>IFRS 16</i>	<i>COVID-19 Rent Related Concessions beyond 30 June 2021</i>	<i>1 April 2021</i>
<i>IFRS 3</i>	<i>References to the conceptual framework (Amendments to IFRS 3)</i>	<i>1 January 2022</i>
<i>IAS 16</i>	<i>Proceeds before intended use (Amendments to IAS 16)</i>	<i>1 January 2022</i>
<i>IFRS 1, IFRS 9, IFRS 16</i>	<i>Annual improvements to IFRS Standards 2018-2020 cycle (Amendments to IFRS 1, IFRS 9, IAS 41, IFRS 16)</i>	<i>1 January 2022</i>
<i>IFRS 4</i>	<i>Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)</i>	<i>1 January 2023</i>
<i>IFRS 17</i>	<i>Initial application of IFRS 17 and IFRS 9 – Comparative information (Amendment to IFRS 17)</i>	<i>1 January 2023</i>
<i>IAS 1</i>	<i>Classification of liabilities as current or non-current (Amendment to IAS 1)</i>	<i>1 January 2023</i>
<i>IAS 12</i>	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)</i>	<i>1 January 2023</i>

2.6 Subsidiaries

31 December 2021 and 2020

Subsidiary	Ownership %	Country	Date of incorporation	Industry	Date of acquisition
Shunn u Katun LLC	100%	Armenia	29 June 2017	-	3 July 2017
Khelagar Saqo LLC	100%	Armenia	24 November 2017	-	13 December 2017
Tumo Ventures CJSC	80%	Armenia	24 March 2017	Franchising of Tumo educational program	21 August 2017

3 Significant accounting policies

3.1 Basis of consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December 2021. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between 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.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

3.2 Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators.

The Group recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

3.3 Foreign currencies

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 is 480.14 drams for 1 US dollar and 542.61 drams for 1 euro as of 31 December 2021 (31 December 2020:

522.59 drams for 1 US dollar and 641.11 drams for 1 euro). 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 the result for the period.

3.4 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	- 30 years
Machinery and equipment	- 3-5 years
Fixtures and fittings	- 3-5 years

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

3.5 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.

Amortization 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 intangible assets, which is estimated at 10 years for computer software and licenses.

3.6 Impairment of property and equipment and intangible 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at a revalued amount, in which case any reversal of impairment loss is treated as a revaluation increase.

3.7 Leased assets

The Group as a lessee

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.

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. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any 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.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or the result for the year 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 the result for the year on a straight-line basis over the lease term.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

3.8 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 first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.9 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 expire.

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 the result for the year are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses. A summary of the Group's financial assets by category is given in note 24.

Subsequent measurement of financial assets

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. The Group's cash and cash equivalents, term deposits, borrowings provided, trade and most other receivables fall into this category of financial instruments.

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 IFRS 9 requirements included borrowings provided measured at amortized cost, term deposits, cash and bank balances, trade receivables, recognized and measured under IFRS 15.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead 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.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to note 25(b) 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 loans and borrowings, lease liabilities and trade and other payables. A summary of the Group's financial liabilities by category is given in note 24.

Loans and borrowings

Loans and borrowings are recognized initially at fair value, net of issuance costs associated with the borrowing. The difference between fair value and nominal value is recognized in the result for the year, except when the borrowing was received from the founders. In this instance the difference between fair value and nominal value is recognized in the consolidated statement of changes in net assets. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any difference between cost and redemption value recognized in the result for the year over the period of the borrowings on an effective interest basis. Interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance expenses, except for the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are capitalized as part of that asset.

Trade and other payables

Trade and other payables are stated at fair value and subsequently stated at amortized cost.

Lease liabilities

Lease liabilities are measured at present value of lease payments, discounted using the interest rate implicit in the lease or the Foundation's incremental borrowing rate and subsequently stated at amortized costs.

3.10 Grants

Grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Grants with a primary condition to purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to the result on a systematic and rational basis over the useful lives of the related assets.

Other grants are recognized as income over the periods necessary to match them with the cost for which they are intended to compensate, on a systematic basis. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized as income in the period in which they become receivable.

3.11 Income tax

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

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable result. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences.

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.

3.12 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 and only 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.

3.13 Revenue

Revenue from contracts

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.

Revenue arises mainly from the support of implementation of Tumo projects abroad, franchising.

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 obligation(s) 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 contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers 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.

Support of implementation of Tumo projects

Tumo projects include project support, educational materials, pedagogical methodology and the name of Tumo, as well as preparatory services to open Tumo centers, management and coordination works. Revenue from rendering of services is recognized when the appropriate service is rendered.

Revenue from franchising

Revenue from the franchising is recognized on a straight-line basis upon the term of the appropriate franchising agreement.

Rental income

Rental income is recognized on a straight-line basis over the term of the relevant lease. Rental income is recognized at the end of each month, when a relevant invoice is issued.

Interest income

Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

4 Property and equipment

In thousand drams					
	Land and buildings	Machinery, equipment and computers	Fixture and fittings	Construction in progress	Total
<i>Cost</i>					
as of 1 January 2020	981,452	1,155,557	498,552	2,795,496	5,431,057
Additions	-	124,891	123,217	474,098	722,206
Disposal	-	(24,468)	(5,030)	-	(29,498)
as of 31 December 2020	981,452	1,255,980	616,739	3,269,594	6,123,765
Additions	133,065	159,001	82,632	353,470	728,168
Internal movement	-	-	55,697	(55,697)	-
Disposal	-	(38,312)	(5,178)	-	(43,490)
as of 31 December 2021	1,114,517	1,376,669	749,890	3,567,367	6,808,443
<i>Accumulated depreciation</i>					
as of 1 January 2020	136,070	953,617	385,560	-	1,475,247
Charge for the year	8,349	123,828	45,624	-	177,801
Eliminated on disposal	-	(23,054)	(4,626)	-	(27,680)
as of 31 December 2020	144,419	1,054,391	426,558	-	1,625,368
Charge for the year	7,894	103,612	53,548	-	165,054
Eliminated on disposal	-	(38,312)	(3,164)	-	(41,476)
as of 31 December 2021	152,313	1,119,691	476,942	-	1,748,946
<i>Carrying amount</i>					
as of 31 December 2020	837,033	201,589	190,181	3,269,594	4,498,397
as of 31 December 2021	962,204	256,978	272,948	3,567,367	5,059,497

The cost of fully depreciated property and equipment as of 31 December 2021 is drams 1,283,685 thousand (2020: drams 1,257,259 thousand), which mainly represents the cost of fully depreciated computers.

Additions to construction in progress include:

In thousand drams

	2021	2020
Construction of a Tumo Centre in Koghob community	170,927	74,255
EU Tumo Convergence Center for Engineering and Applied Science project	65,737	168,467
Reconstruction of the Gyumri theatre building	7,304	220,357
Other	53,805	11,019
	297,773	474,098

5 Right of use assets

In thousand drams	Building
<i>Cost</i>	
as of 1 January 2021	-
Additions	286,886
as of 31 December 2021	286,886
<i>Accumulated amortization</i>	
as of 1 January 2021	-
Charge for the year	26,298
as of 31 December 2021	26,298
<i>Carrying amount</i>	
as of 31 December 2020	-
as of 31 December 2021	260,558

Right of use assets represent building rented for implementation of Tumo projects. The lease agreement was signed for a period of 10 years.

6 Deferred income tax assets

The movement of deferred income taxes is disclosed below:

In thousand drams	As of 31 December 2021	As of 31 December 2020
Balance at the beginning of year	52,960	5,425
(Charged)/credited to profit or loss	(34,936)	47,535
Balance at the end of year	18,024	52,960

Deferred income taxes for the year ended 31 December 2021 can be summarized as follows:

In thousand drams	1 January 2021	Recognized in profit or loss	31 December 2021
<i>Deferred income tax assets</i>			
Trade and other receivables	26,334	(26,334)	-
Trade and other payables	26,626	(9,747)	16,879
Tax losses to carry forward	-	1,145	1,145
	52,960	(34,936)	18,024
Net position	52,960	(34,936)	18,024

Deferred taxes for the year ended 31 December 2020 can be summarized as follows:

In thousand drams	1 January 2020	Recognized in profit or loss	31 December 2020
<i>Deferred income tax assets</i>			
Trade and other receivables	5,037	21,297	26,334
Trade and other payables	388	26,238	26,626
	5,425	47,535	52,960
Net position	5,425	47,535	52,960

7 Borrowings provided

In thousand drams	Non-current		Current	
	As of 31 December 2021	As of 31 December 2020	As of 31 December 2021	As of 31 December 2020
Balance as of 1 January	41,362	37,788	1,435	1,584
Borrowings provided/(repaid)	3,500	-	(601)	(149)
Unwinding of fair value loss/(fair value adjustment)	6,202	5,678	-	-
Reversal/(increase) of allowance for credit loss	3,689	(2,104)	-	-
Balance as of 31 December	<u>54,753</u>	<u>41,362</u>	<u>834</u>	<u>1,435</u>

Non-current interest-free borrowings were provided to Ardean LLC and mature in 2023. The fair values of borrowings approximate their carrying amount. Borrowings were provided in Armenian drams.

8 Inventories

In thousand drams	As of 31 December 2021	As of 31 December 2020
Construction materials	157,710	168,704
Goods	12,259	13,267
Spare parts	2,892	4,456
Other	59,928	28,228
	<u>232,789</u>	<u>214,655</u>

9 Trade and other receivables

In thousand drams	As of 31 December 2021	As of 31 December 2020
<i>Financial assets</i>		
Trade receivables	146,303	193,059
Allowance for expected credit losses	(76,021)	(82,742)
	<u>70,282</u>	<u>110,317</u>
<i>Non-financial assets</i>		
Advances and prepayments	73,424	72,106
Prepaid taxes	33,666	10,234
	<u>107,090</u>	<u>82,340</u>
	<u>177,372</u>	<u>192,657</u>

Movement of the allowance for expected credit losses is presented below:

In thousand drams	2021	2020
Balance at the beginning of year	82,742	27,982
Increase in the allowance during the year	(6,721)	54,760
Balance at the end of year	<u>76,021</u>	<u>82,742</u>

Trade receivables mainly include annual licenses and franchising fees, transition management and technical support fees to be collected from Tumo centers abroad.

Allowance for expected credit losses relates to first year fee from Mahara Capital as consideration for the license of proprietary rights, delivery of the program and day-to-day management of the center.

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Note 25 (b) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

Refer to note 25 (a) for the currencies in which the trade and other receivables are denominated.

10 Term deposits

The Group has a deposit account in HSBC Armenia CJSC.

Deposits are denominated in Euros, bear interest rate of 0.5%-1% annually and mature in December 2022.

11 Cash and bank balances

In thousand drams	As of 31 December 2021	As of 31 December 2020
Cash in hand	376	1,851
Bank accounts	1,707,972	371,171
	<u>1,708,348</u>	<u>373,022</u>

Refer to note 25 for the currencies in which the cash and bank balances are denominated.

12 Bank loans and borrowings

In thousand drams	Current		Non-current	
	As of 31 December 2021	As of 31 December 2020	As of 31 December 2021	As of 31 December 2020
Bank loans	14,801	15,026	61,458	82,724
Unsecured borrowings	143,050	3,050	-	-
	<u>157,851</u>	<u>18,076</u>	<u>61,458</u>	<u>82,724</u>

The Group signed loan agreements with Ameriabank CJSC and Converse Bank CJSC, at the annual interest rate of 7.25% for a maximum amount of drams 300,000 thousand and drams 150,000 thousand respectively, which according to the agreements may be loaned by the banks in a lump sum payment or partly during the period of the agreement. The agreements are effective until 22 December 2032 and 29 November 2038 respectively.

Unsecured borrowings mainly represent non-interest bearing borrowings to related party and is repayable till December 2022.

13 Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

In thousand drams	As of 31 December 2021	As of 31 December 2020
Current	16,510	-
Non-current	217,325	-
	<u>233,835</u>	<u>-</u>

The Group has leases for implementations of its programs. With the exception of short-term leases, each lease is reflected in the consolidated statement of financial position as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right of use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term.

The table below describes the nature of the Group's leasing activities by type of right of use asset recognized on the consolidated statement of financial position:

Right-of-use asset	Number of right-of-use assets leased	Remaining term (years)
Buildings	1	9

The weighted average borrowing rate used by the Group to discount lease liabilities is 11.35%.

Interest expense for the year ended 31 December 2021, which has been accrued to lease liabilities, makes drams 21,084 thousand and is included in finance costs.

Future minimum lease payments at 31 December 2021 are as follows:

In thousand drams	As of 31 December 2021	As of 31 December 2020
Within one year		
Lease payments	40,950	-
Finance charges	(24,440)	-
	16,510	-
In second to nine years inclusive		
Lease payments	330,227	-
Finance charges	(112,952)	-
	217,325	-
Net present value	233,835	-

14 Grants related to assets

In thousand drams	2021	2020
Balance at the beginning of the year	5,839,334	3,937,456
Received during the year	546,106	1,915,235
Credited to profit or loss during the year	(52,080)	(13,357)
Transfer to grant related to income	(474,772)	-
Balance at the end of the year	5,858,588	5,839,334

Grants received during the year include:

In thousand drams	Year ended 31 December 2021	Year ended 31 December 2020
European Union	335,945	1,696,323
The Armenian General Benevolent Union	129,787	121,132
Other	80,374	97,780
	546,106	1,915,235

15 Trade and other payables

In thousand drams	As of 31 December 2021	As of 31 December 2020
Payables to employees	111,281	65,786
Prepaid license and franchising fees	89,897	142,548
Payables to the State budget	84,116	24,128
Trade payables	77,389	71,368
Guarantee fees from students	27,444	27,499
Other payables	60,870	14,818
	<u>450,997</u>	<u>346,147</u>

License and franchising prepayments were mainly received from Creative Learning Platform LLC for the opening of Tumo Centers in Moscow.

Guarantee fees from each student at the amount of ten thousand drams are subject to return after the end of the trainings provided by the Group or when the contract is terminated. Currently the Group no longer charges ten thousand drams and terminates previous contracts and signs new ones instead.

No interest is charged on the trade payables. The Group has financial risk management policies to ensure that all payables are paid within the credit timeframe.

Refer to note 25 for the currencies in which the trade and other payables are denominated.

16 Grants related to income

In thousand drams	As of 31 December 2021	As of 31 December 2020
Balance at the beginning of the year	300,000	158,968
Received during the year	2,897,482	2,049,333
Credited to profit or loss	(2,014,047)	(1,896,572)
Transfer from grant related to assets	474,772	(11,729)
Balance at the end of the year	<u>1,658,207</u>	<u>300,000</u>

Grants received during the year include:

In thousand drams	2021	2020
European Union	1,340,997	336,531
Sam and Silva Simonians Foundation	1,193,657	1,418,210
JHM Foundation	260,213	159,795
The Armenian General Benevolent Union	48,814	60,303
Other	53,801	74,494
	<u>2,897,482</u>	<u>2,049,333</u>

17 Other revenues

In thousand drams	Year ended 31 December 2021	Year ended 31 December 2020
<i>Revenue from contracts</i>		
Support of implementation of Tumo projects	460,405	293,643
Revenue from sale of goods	12,448	4,611
<i>Other revenue</i>		
Other	18,091	38,551
	<u>490,944</u>	<u>336,805</u>

18 Other operating expenses

In thousand drams	Year ended 31 December 2021	Year ended 31 December 2020
Services received	325,441	173,198
Hospitality and marketing expenses	90,486	43,612
Cost of materials used	73,385	47,803
Office and utility expenses	69,730	51,148
Maintenance expenses	41,441	40,166
Telecommunication and postal service expenses	29,614	26,974
Consulting expenses	22,700	4,625
Donations	18,339	23,682
Taxes and duties	13,012	6,542
Other	43,473	110,495
	<u>727,621</u>	<u>528,245</u>

19 Finance income and costs

In thousand drams	Year ended 31 December 2021	Year ended 31 December 2020
Unwinding of discount of borrowings provided	6,202	5,678
Interest on deposit	14,329	1,466
Total finance income	<u>20,531</u>	<u>7,144</u>
Interest expenses for finance lease arrangements	21,084	-
Interest expense on bank loans	6,664	7,139
Total finance costs	<u>27,748</u>	<u>7,139</u>
Net finance (costs)/income	<u>(7,217)</u>	<u>5</u>

20 (Loss)/gain from exchange differences, net

In thousand drams	Year ended 31 December 2021	Year ended 31 December 2020
Financial assets measured at amortized cost	(360,910)	204,905
Financial liabilities measured at amortized cost	4,558	(9,194)
	<u>(356,351)</u>	<u>195,711</u>

21 Income tax expense

In thousand drams	Year ended 31 December 2021	Year ended 31 December 2020
Current tax	9,081	68,695
Deferred tax asset	34,936	(47,535)
	<u>44,017</u>	<u>21,160</u>

Reconciliation of effective tax rate is as follows:

In thousand drams	Year ended 31 December 2021	Effective tax rate (%)	Year ended 31 December 2020	Effective tax rate (%)
(Loss)/profit before taxation (under IFRSs)	(552,341)		249,865	
Tax calculated at a tax rate of 18% (2020: 18%)	(99,421)	18	44,976	18
(Non-taxable)/non-deductible items, net	143,438	(26)	(23,816)	(10)
Income tax expense	44,017	(8)	21,160	8

In accordance with the law on “Profit tax” grants and donations received by the Group are not considered as taxable income and are not subject to profit tax. Profit tax expense arises from trade activities, particularly, from camp organization, penalties and fines, as well as other trade activities.

22 Subsequent events

The conflict broke out on 24 February 2022 in Ukraine has evolved rapidly, having a significant impact around the world. The United States and the European countries have imposed severe sanctions against Russian Federation. The Western countries are discussing widening existing sanctions. Russian Federation is a significant trading partner of the Republic of Armenia, hence sanctions imposed on Russia as of the date of these financial statements, as well as escalation of those sanctions could have a drastic effect on the economy and financial markets of the Republic of Armenia. The immediate global implications might be higher inflation, lower growth and some disruption to financial markets as deeper sanctions take hold. Some of the key impacts on the business may include reduction of franchising fees, termination of franchising contracts, etc.

The specific effect is hard to predict with certainty, and management has not yet assessed the effect of the above on the current consolidated financial statements.

23 Critical accounting estimates and judgments

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.

23.1 Critical accounting estimates

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 property and equipment

Management has estimated useful lives of the property and equipment. Management believes that estimated useful lives of the property and equipment are not materially different from economical lives of those assets. If actual useful lives of property and equipment are different from estimations, financial statements may be materially different.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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. 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 trade receivables is disclosed in Note 25(b).

23.2 Critical judgments in applying accounting policies

The following are the judgements made by management in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Accounting for an investment, that is not a business combination

As described in note 1, the Parent company acquired Shunn u Katun LLC and Khelagar Saqo LLC during 2017. Management believes that the mentioned transactions are not business combination, since acquired assets and assumed liabilities do not constitute a business, and, therefore, the transaction was accounted as an acquisition of assets by the Group by applying the acquisition method, however, without recognising of goodwill at the acquisition date for the investee.

Accounting for joint operations

As described in note 1, the Group concluded an agreement with the Central Bank of Armenia to implement a joint project on extension of Tumo Centers in the town of Dilijan.

Determination whether the above arrangement is a joint operation or a joint venture requires management judgment. The Group assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Judgment is also required to determine whether the arrangement is jointly controlled by both parties.

The Group concluded that the above arrangement is a joint operation hence falls within the scope of IFRS 11. Accordingly, the Group recognized all assets, liabilities, income and expenses related to its interest in the joint operation.

24 Financial instruments

24.1 Significant accounting policies

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 3.9.

24.2 Categories of financial instruments

The carrying amounts of financial assets and financial liabilities in each category are as follows:

Financial assets

In thousand drams	As of 31 December 2021	As of 31 December 2020
<i>Amortized cost</i>		
Trade and other receivables	70,282	110,317
Borrowings provided	55,587	42,797
Term deposits	930,576	2,147,718
Cash and bank balances	1,708,348	373,022
	<u>2,764,793</u>	<u>2,673,854</u>

Financial liabilities

In thousand drams	As of 31 December 2021	As of 31 December 2020
<i>Amortized cost</i>		
Bank loans and borrowings	219,309	100,800
Lease liabilities	233,835	-
Trade and other payables	188,670	137,154
	<u>641,814</u>	<u>237,954</u>

25 Financial risk management

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.

Financial risk factors

a) Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from both its operating and investing 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 foreign currency dominated grants, acquisitions, loan from banks, term deposits and trade and other receivables, which are primarily denominated in US dollars, as well as in Euro.

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	US dollar	Euro
As of 31 December 2021		
<i>Financial assets</i>		
Trade and other receivables	27,172	1,789
Term deposits	-	930,576
Cash and bank balances	16,529	1,656,587
	<u>43,701</u>	<u>2,588,952</u>

<i>Financial liabilities</i>		
Bank loans and borrowings	76,259	-
Trade and other payables	10,070	2,533
	<u>86,329</u>	<u>2,533</u>
Net position	<u>(42,628)</u>	<u>2,586,419</u>
Item		
As of 31 December 2020	<u>US dollar</u>	<u>Euro</u>
<i>Financial assets</i>		
Trade and other receivables	100,562	88,093
Term deposits	-	2,147,718
Cash and bank balances	211,658	69,287
	<u>312,220</u>	<u>2,305,098</u>
<i>Financial liabilities</i>		
Bank loans and borrowings	97,750	-
Trade and other payables	1,367	22,054
	<u>99,117</u>	<u>22,054</u>
Net position	<u>213,103</u>	<u>2,283,044</u>

The following table details the Group's sensitivity to a 10% (2020: 10%) increase and decrease in dram against US dollar and Euro. 10% (2020: 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% (2020: 10%) change in foreign currency rates.

If Armenian dram had strengthened against US dollar and Euro by 10% (2020: 10%) then this would have had the following impact:

In thousand drams	US dollar impact		Euro impact	
	2021	2020	2021	2020
Result	4,236	(21,310)	(258,642)	(228,304)

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

b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from financial assets, including cash and cash equivalents held at banks, term deposits and trade and other receivables.

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

In thousand drams	As of 31	As of 31
	December 2021	December 2020
Financial assets at carrying amounts		
Accounts receivable	70,282	110,317
Borrowings provided	55,587	42,797
Term deposits	930,576	2,147,718
Bank balances	1,707,972	371,171
	<u>2,764,417</u>	<u>2,672,003</u>

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

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

The Group continuously monitors the credit quality of customers. Where available, external credit ratings and/or reports on customers are obtained and used. The Group's policy is to deal only with credit worthy counterparties. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

The Group does not hold any security on the trade receivables balance. In addition, the Group does not hold collateral relating to other financial assets.

Trade receivables

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 and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 12 months before 31 December 2021 as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. The Group has identified gross domestic product (GDP) and unemployment rates of the countries in which the customers are domiciled to be the most relevant factors and according adjusts historical loss rates for expected changes in these factors. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

c) Liquidity risk

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 bank balances, as well as highly liquid assets for making all operational and debt service related payments when those become due.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

2021	Non-interest bearing	Fixed interest rate instruments	Total
Weighted average effective interest rate		7.03%	
Less than 6 months	207,570	9,808	217,378
6 months to 1 year	165,100	9,808	174,908
1-5 years	156,397	59,182	215,579
More than 5 years	173,880	13,188	187,068
	<u>702,947</u>	<u>91,986</u>	<u>794,933</u>

2020	Non-interest bearing	Fixed interest rate instruments	Total
Weighted average effective interest rate		7.04%	
Less than 6 months	66,041	10,675	76,716
6 months to 1 year	74,418	10,675	85,093
1-5 years	-	71,410	71,410
More than 5 years	-	28,709	28,709
	140,459	121,469	261,928

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, particularly its cash resources, term deposits and trade receivables. The Group's cash resources and trade receivables significantly exceed the current cash outflow requirements.

26 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).

Financial instruments measured at amortized cost for which the fair value is disclosed

Financial instruments measured at amortized cost include loans and borrowings.

Fair value has been determined by discounting the relevant cash flows using market interest rates for similar instruments. As a result of this exercise, most significant input is the discount rate. Estimated fair values of the above financial assets and financial liabilities are classified within Level 3 of the fair value hierarchy.

27 Commitments

27.1 Capital commitments

As of 31 December 2021 the commitments on construction contracts are drams 130,802 thousand.

28 Contingencies

28.1 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 plant facilities, 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.

28.2 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.

28.3 Environmental matters

Management is of the opinion that the Group has met the Government's requirements concerning environmental matters and, therefore, believes that the Group does not have any current material environmental liabilities. However, environmental legislation in Armenia is in process of development and potential changes in the legislation and its interpretation may give rise to material liabilities in the future.

29 Reconciliation of liabilities arising from financing activities

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

In thousand drams	Long-term borrowings	Short-term borrowings	Lease liabilities	Total
as of 1 January 2021	82,724	18,076	-	100,800
<i>Cash-flows</i>				
Repayments	-	(14,094)	(30,168)	(44,262)
Interest paid	-	(6,709)	-	(6,709)
Received	-	140,000	-	140,000
<i>Non-cash</i>				
Interest accrual	-	6,664	21,084	27,748
Gain from translation	-	(7,352)	-	(7,352)
Fair value of lease liabilities at initial recognition	-	-	242,919	242,919
Reclassification	(21,266)	21,266	-	-
as of 31 December 2021	61,458	157,851	233,835	453,144

In thousand drams	Long-term borrowings	Short-term borrowings	Total
as of 1 January 2020	90,357	15,901	106,258
<i>Cash-flows</i>			
Repayments	-	(12,820)	(12,820)
Interest paid	(7,172)	-	(7,172)
<i>Non-cash</i>			
Interest accrual	7,139	-	7,139
Loss from translation	7,395	-	7,395
Reclassification	(14,995)	14,995	-
as of 31 December 2020	82,724	18,076	100,800

30 Related parties

The Group's related parties include Epygi Labs AM LLC, Epygi Labs AM LLC Armenian Branch, members of the board of trustees, who are Samvel Simon Simonian (the president of the Board), Sevan Natasha Simonian, Silva Ohanian Simonian and key management.

30.1 Transactions with related parties

During the reporting year the Group had the following transactions with the related parties and as of the reporting date had the following outstanding balances.

In thousand drams

Transactions	Year ended 31 December 2021	Year ended 31 December 2020
<i>Founder</i>		
Grants received	1,193,657	1,418,210
Borrowings provided	140,000	-
<i>Entities under common control</i>		
Services received	46,411	39,574
<i>Key management</i>		
Salary and bonuses	179,341	134,936

In thousand drams

Outstanding balances	As of 31 December 2021	As of 31 December 2020
<i>Founder</i>		
Grants related to assets	419,616	354,187
<i>Entities under common control</i>		
Borrowings provided	140,000	-
Trade and other payables	70,466	29,420
<i>Key management</i>		
Trade and other payables	9,422	9,519

In order to secure the Group's activities Epygi Labs AM LLC gave an area of 3,965 square meters located at 16 Halabyan for uncompensated use to the Group.