«PYUNIK FC»

Non-Governmental Organization

FINANCIAL STATEMENTS

For the year ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the management of «Pyunik FC» NGO

Opinion

We have audited the financial statements of «Pyunik FC» Non-Governmental Organization (the "Organization"), which comprise the statement of financial position as of 31 December 2020, and the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as of 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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 Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or
 error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient
 and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting
 from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional
 omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are
 appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the
 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

«Trust Audit» CJSC

Director Hayk Margaryan

April 14, 2021

Yerevan

Audit manager Armen Azizyan «Pyunik FC» Non-Governmental Organization Statement of financial position As of December 31, 2020

In thousand drams		As of	As of December 31, 2019
	Note	December 31,	
		2020	
ASSETS			
Currenet assets			
Cash and cash equivalents	4	24,435	9,131
Receivables and prepayments	5	30,240	190,640
Borrowings	6	22,748	62,868
Inventory	7	121,114	23,349
Total current assets		198,537	285,988
Non-current assets			
Property and equipment	8	137,969	357,527
Intangible assets		2,020	
Total non-current assets		139,989	357,527
TOTAL ASSETS		338,526	643,515
LIABILITIES AND NET ASSETS			
Current liabilities			
Loans and borrowings	9	432,119	793,224
Leases	10	16,853	16,515
Other payables	11	21,984	8,711
Total current liabilities		470,956	818,450
Non-current liabilities			
Grants related to assets	12	121,157	183,055
Leases	10		16,853
Total non-currents liabilities		121,157	199,908
Net assets			
Accumulated result		(253,587)	(374,843)
Total net assets		(253,587)	(374,843)
TOTAL LIABILITIES AND NET ASSETS		338,526	643,515

The financial statements were approved on April 14, 2021 by:

Nvard Karapetyan Financial Officer

The Statement of Financial Position is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 25.

In thousand drams	Year ended	Year ended	
	Note	December 31,	December 31
		2020	2019
Revenue			
Broadcast permissions		1,612	24,702
Training services		1,854	5,535
Advertising services		22,469	18,150
Ticket sales		12	2,308
Total revenue		25,947	50,695
Income			
Income from solidarity payments of players		-	185,553
Income from UEFA solidarity payments		168,522	437,776
Other operating income	13	1,018,125	171,537
Total income		1,186,647	794,866
Expenses			
Players benefits and other income		(385,641)	(756,377)
Employees benefits		(91,661)	(82,387)
Depreciation and amortization		(51,523)	(70,012)
Hotel expenses		(51,399)	(179,901)
Air tickets expenses		(27,033)	(166,008)
The costs of the coaches and other services		(182,518)	(277,626)
The costs of training, clothing and other accessories		(73,085)	(160,756)
Entrance fees for participation		(700)	(6,000)
Expenses for statistical reporting		(4,104)	(5,448)
Other operating expenses	14	(193,460)	(305,484)
Total expenses		(1,061,124)	(2,009,999)
Operating profit / (loss)		151,470	(1,164,438)
Transfering players' registrations			
Income from transfer of players' registrations		3,119	22,731
Total transfering players' registrations		3,119	22,731
Loss on disposal of fixed assets		(68,992)	
Total loss from fixed assets		(68,992)	_
Finance cost	15	(20,148)	(28,077)
Foreign currency exchange gain, net / (loss)	16	60,513	(25,114)
Results from other financial items		40,365	(53,191)
Profit / (loss) before taxes		125,962	(1,194,898)
Income tax expense		(4,706)	-
Profit / (loss) for the year		121,256	(1,194,898)
Other comprehensive incomes		22,200	(2,272,070)
Other comprehensive income for the year			
Total comprehensive income for the year		101 054	(1 104 000)
I		121,256	(1,194,898)

The Statement of comprehensive income is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 25.

«Pyunik FC» Non-Governmental Organization Statement of changes in net assets For the year ended December 31, 2020

In thousand drams	Accumulated result	Total
As of January 01, 2019	821,268	821,268
Loss for the year	(1,194,898)	(1,194,898)
Other comprehensive income		-
Total comprehensive income for the year	(1,194,898)	(1,194,898)
As of December 31, 2019	(373,630)	(373,630)
Correction of prior period errors	(1,213)	(1,213)
Profit for the year	121,256	121,256
Other comprehensive income	-	-
Total comprehensive income for the year	121,256	121,256
As of December 31, 2020	(253,587)	(253,587)

The statement of changes in net assets is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 25.

«Pyunik FC» Non-Governmental Organization Statement of cash flows For the year ended December 31, 2020

In thousand drams	December 31,	Year ended
		December 31, 2019
	2020	
Cash flow from operating activities		
Cash received gratuitously	171,621	414,799
Cash inflow from solidarity payments of the players	90,931	93,066
Cash inflow from UEFA solidarity payments		22,387
Cash inflow from donations	818,849	121,339
Cash inflow from services	31,022	44,406
Cash inflow from coaching and training	4,411	3,345
Repayment of provided cash on hand		1,120
Other receipts from operating activites	64,935	34,210
Amounts gratuitously provided to beneficiaries	(397,144)	(886,642)
Payments to suppliers	(382,433)	(950,081)
Payments to and on behalf of employees	(146,384)	(104,741)
Payments to the State budget	(12,544)	(25,338)
The arbiter, a yellow card and participation fee	(2,292)	(15,238)
Other payments	(31,941)	(32,421)
Net cash from / (used in) operating activities	209,031	(1,279,789)
Cash flows from investing activities		
Cash inflow on disposal of players' registrations	400	19,536
Cash outflow from acquisition of players' registrations	(1,480)	(7,082)
Acquisition of property, equipment and intangible assets	(5,129)	(8,661)
Cash outflow from provided borrowings to the related parties	(35,705)	(206,000)
Cash outflow from borrowings		(19,000)
Cash inflow from the redemption of the related parties' borrowings	16,267	588,462
Net cash from / (used in) investing activities	(25,647)	367,255
Cash flows from financing activities		
Proceeds from loans and borrowings	362,331	2,244,326
Repayment of loans and borrowings	(529,474)	(1,345,978)
Net cash from / (used in) financing activities	(167,143)	898,348
Net increase / (decrease) in cash and bank balances	16,241	(14,186)
Cash and bank balances at the beginning of the year	9,131	24,362
Foreign exchange effect on cash	(937)	(1,045)
Cash and bank balances at the end of the year	24,435	9,131

The Statement of Cash Flows is to be read in conjunction with the notes to, and forming part of, the Financial Statements set out on pages 9 to 25.