

ADDITIONAL FINANCING FOR THE EDUCATION IMPROVEMENT PROJECT
IBRD LOAN No. 9389-AM

IMPLEMENTED BY THE CENTRE FOR EDUCATION PROJECTS PIU SA of MoESCS

SPECIAL PURPOSE FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

For the period from January 1, 2025, to December 31, 2025

YEREVAN
June 2026

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INDEPENDENT AUDITOR'S REPORT

To the management of "Additional Financing for the Education Improvement Project" (Project)

Opinion

We have audited the accompanying special purpose financial statements of the "Additional Financing for the Education Improvement Project" ("Project") financed by IBRD Loan Agreement 9389-AM dated June 09, 2022 ("Loan Agreement"), and implemented by the Centre for Education Projects PIU SA of MoESCS ("CFEP"), which comprise the Statement of Financial Position as at December 31, 2025, the Statement of Sources and Uses of Funds, the Statement of Uses of Funds by Project Activity, Summary of summary reports and SOEs, the Statement of Designated Account for the period from January 1, 2025, to December 31, 2025, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the special purpose financial statements present fairly in all material respects the financial position of the Project as at December 31, 2025, as well as the sources and uses of funds for the period from January 1, 2025, to December 31, 2025, in accordance with the accrual basis of accounting described in the Note 2 accompanying these special purpose financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as issued by International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). 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 Project in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled out other ethical requirements in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter- Special purpose framework

We draw attention to Note 2 to the financial statements, which describes that financial statements are prepared in accordance with special purpose framework, as a result, they may not be suitable for another purposes. Our opinion is not modified in respect of this matter.

Management's Responsibility for the Special Purpose Financial Statements

The management of the Project is responsible for the preparation and fair presentation of these special purpose financial statements in accordance with the accrual basis of accounting described in the Note 2 accompanying these special purpose financial statements, and for such internal control as management determines is necessary to enable the preparation of special purpose financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 high level of assurance, but is not a guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements arise from fraud and 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 special purpose 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 special purpose 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

25 June 2026
"BDO Armenia" CJSC




Vahagn Sahakyan, FCCA
Engagement Partner

STATEMENT OF FINANCIAL POSITION

*Additional Financing for the Education Improvement Project
IBRD Loan 9389-AM*

| | Note | 31-Dec-25 EUR | 31-Dec-24 EUR |
|--|------|----------------------|----------------------|
| ASSETS | | | |
| Cash | 8 | 1,075,540.46 | 664,147.63 |
| Prepayments | 4 | 126,799.54 | 1,017,815.21 |
| Total assets | | 1,202,340.00 | 1,681,962.84 |
| LIABILITIES | | | |
| Payables | 5 | (771,818.47) | (573,624.15) |
| Total liabilities | | (771,818.47) | (573,624.15) |
| NET ASSETS | | | |
| Cumulative income | | | |
| IBRD Funds | 6 | 21,753,804.39 | 14,442,250.56 |
| RA Government Funds | 6 | 6,391,731.88 | 3,432,192.18 |
| UNDP Funds | 6 | 632,087.37 | 158,268.72 |
| Other income (penalties) | | 71,897.15 | 52,210.70 |
| Government (Government decision 1973-dated 12.12.2024) | 6 | 59,278.76 | 59,278.76 |
| | | 28,908,799.55 | 18,144,200.92 |
| Cumulative expenses | | | |
| Project expenses | 3 | 28,362,859.36 | 16,936,959.03 |
| Foreign exchange loss | | 115,418.66 | 98,903.20 |
| | | 28,478,278.02 | 17,035,862.23 |
| Total net assets | | 430,521.53 | 1,108,338.69 |

The special purpose financial statements were approved by the management of the Project and signed on its behalf on June 24, 2026. The accompanying notes form an integral part of these special purpose financial statements.



Grisha Hovhannisyan

Acting Director



Armine Khachatryan

Financial Manager

STATEMENT OF SOURCES AND USES OF FUNDS

*Additional Financing for the Education Improvement Project
IBRD Loan 9389-AM
For the period from January 1, 2025, to December 31, 2025
In EUR*

| | Note | ACTUAL | | PLANNED | | VARIANCE | | PAD |
|--|------|----------------------|----------------------------|----------------------|----------------------------|-------------------|----------------------------|----------------------|
| | | Reporting period | Cumulative as at 31-Dec-25 | Reporting period | Cumulative as at 31-Dec-25 | Reporting period | Cumulative as at 31-Dec-25 | |
| Opening Working Capital | | | | | | | | |
| Cash and cash equivalents - plus | | 664,147.63 | | | | | | |
| Prepayments - plus | | 1,017,815.21 | | | | | | |
| Accounts payable - minus | | (573,624.15) | | | | | | |
| Total | | 1,108,338.69 | - | | | | | |
| Sources of Funds | | | | | | | | |
| IBRD Funds | 6 | 7,311,553.83 | 21,753,804.39 | | | | | |
| Government Funds | 6 | 2,959,539.70 | 6,391,731.88 | | | | | |
| Penalties from contracts | | 19,686.45 | 71,897.15 | | | | | |
| UNDP Funds | 6 | 473,818.65 | 632,087.37 | | | | | |
| Government Funds (according to the Government decision 1973- dated 12.12.2024) | 6 | - | 59,278.76 | | | | | |
| Total | | 10,764,598.63 | 28,908,799.55 | | | | | |
| Foreign exchange gain/(loss) | | (16,515.46) | (115,418.66) | | | | | |
| Uses of Funds | | | | | | | | |
| Works | | 7,579,130.38 | 15,428,757.99 | 8,433,852.50 | 16,283,480.11 | 854,722.12 | 854,722.12 | |
| Goods | | 1,930,125.32 | 7,851,287.15 | 2,071,288.45 | 7,992,450.28 | 141,163.13 | 141,163.13 | |
| Consultants' Services | | 660,026.66 | 1,133,055.09 | 696,928.89 | 1,169,957.32 | 36,902.23 | 36,902.23 | |
| Trainings | | 26,703.45 | 74,241.10 | 124,691.55 | 172,229.20 | 97,988.10 | 97,988.10 | |
| Grants | | 849,286.96 | 2,567,328.54 | 639,409.30 | 2,357,450.88 | (209,877.66) | (209,877.66) | |
| Miscellaneous Operating Expenses | | 380,627.56 | 1,251,689.49 | 437,128.27 | 1,303,190.20 | 51,500.71 | 51,500.71 | |
| Sub-Total | | 11,425,900.33 | 28,306,359.36 | 12,398,298.96 | 29,278,757.99 | 972,398.63 | 972,398.63 | 28,200,000.00 |
| Front End Fee | | - | 56,500.00 | - | 56,500.00 | - | - | |
| Total | 3 | 11,425,900.33 | 28,362,859.36 | 12,398,298.96 | 29,335,257.99 | 972,398.63 | 972,398.63 | 28,200,000.00 |
| Closing Working Capital | | | | | | | | |
| Cash and cash equivalents - plus | | 1,075,540.46 | 1,075,540.46 | | | | | |
| Prepayments - plus | 4 | 126,799.54 | 126,799.54 | | | | | |
| Accounts payable - minus | 5 | (771,818.47) | (771,818.47) | | | | | |
| Total | | 430,521.53 | 430,521.53 | | | | | |

STATEMENT OF USES OF FUNDS BY PROJECT ACTIVITY
Additional Financing for the Education Improvement Project
IBRD Loan 9389-AM
For the period from January 1, 2025, to December 31, 2025
In EUR

| Project Activities | ACTUAL | | PLANNED | | VARIANCE | | PAD |
|---|----------------------|----------------------------|----------------------|----------------------------|-----------------------|----------------------------|----------------------|
| | Reporting period | Cumulative as at 31-Dec-25 | Reporting period | Cumulative as at 31-Dec-25 | Reporting period | Cumulative as at 31-Dec-25 | |
| Component 1. Enhancing the Quality of General Education | 10,538,374.70 | 25,546,264.95 | 11,700,179.60 | 26,708,069.86 | (1,161,804.90) | (1,161,804.91) | 24,600,000.00 |
| Sub-component 1.1. Promoting School Readiness and equal opportunities at the start of General Education | 373,412.13 | 1,180,418.76 | 399,547.18 | 1,206,553.81 | (26,135.05) | (26,135.05) | 1,100,000.00 |
| Sub-component 1.2. Enriching Upper Secondary Schools | 7,740,788.58 | 15,762,786.73 | 8,614,585.81 | 16,636,583.97 | (873,797.23) | (873,797.24) | 12,400,000.00 |
| Sub-component 1.3. Improving data collection and monitoring of the education system performance | 352,516.97 | 521,147.87 | 466,801.45 | 635,432.35 | (114,284.48) | (114,284.48) | 1,100,000.00 |
| Sub-component 1.5 Equipping General Education Schools | 2,071,657.02 | 8,081,911.59 | 2,219,245.16 | 8,229,499.73 | (147,588.14) | (147,588.14) | 10,000,000.00 |
| Component 2. Mainstreaming of the Competitive Innovation Fund (CIF) for Higher Education Institutions (HEI) into full implementation | 533,832.83 | 1,513,413.56 | 303,031.94 | 1,282,612.67 | 230,800.89 | 230,800.89 | 1,800,000.00 |
| Component 3. Project Management, Monitoring and Evaluation | 353,692.80 | 1,246,680.85 | 395,087.42 | 1,288,075.46 | (41,394.62) | (41,394.61) | 1,743,500.00 |
| Subtotal | 11,425,900.33 | 28,306,359.36 | 12,398,298.96 | 29,278,757.99 | (972,398.63) | (972,398.63) | 28,143,500.00 |
| From End Fee | - | 56,500.00 | - | 56,500.00 | - | - | 56,500.00 |
| Total Project Expenditures | 11,425,900.33 | 28,362,859.36 | 12,398,298.96 | 29,335,257.99 | (972,398.63) | (972,398.63) | 28,200,000.00 |

SUMMARY OF SOEs

Additional Financing for the Education Improvement Project
 IBRD Loan 9389-AM
 For the period from January 1, 2025, to December 31, 2025
 In EUR

| Withdrawal application No | Withdrawal application value date | Expenditure categories | | | | | | | Total |
|---------------------------|-----------------------------------|------------------------|---------------------|-----------------------|------------------|-------------------|----------------------------------|---------------------|-------|
| | | Works | Goods | Consultants' Services | Trainings | Grants | Miscellaneous Operating Expenses | | |
| AF-14 | | 206,948.56 | 740,201.27 | 31,025.56 | - | 344,420.26 | 54,890.52 | 1,377,486.17 | |
| AF-15 | | 428,079.77 | 661,357.76 | 220,614.52 | 1,325.67 | 161,900.97 | 60,569.55 | 1,533,848.24 | |
| AF-16 | | 47,436.36 | 1,431,311.38 | 32,226.85 | - | 140,337.65 | 48,653.75 | 1,699,965.99 | |
| AF-17.1 | | 132,070.73 | 1,320,801.99 | 78,935.68 | 12,662.19 | 72,809.97 | 82,609.59 | 1,699,840.15 | |
| AF-18 | | 989.45 | 781,641.15 | 117,594.19 | - | 42,931.79 | 57,256.70 | 1,000,413.28 | |
| | | 815,474.87 | 4,935,313.55 | 480,396.80 | 13,987.86 | 762,400.64 | 303,980.11 | 7,311,553.83 | |

STATEMENT OF DESIGNATED ACCOUNT

*Additional Financing for the Education Improvement Project
IBRD Loan 9389-AM
For the period from January 1, 2025, to December 31, 2025
In EUR*

| | |
|---|---|
| Loan | IBRD Loan Agreement 9389-AM |
| Designated account number | 900000910670 |
| Bank | Central Treasury |
| Bank location | 1 Meliq-Adamyán str., Yerevan, 0010, Republic of Armenia |
| Account currency | EUR |
| | For the period from 01.01.2025 to 31.12.2025 |
| 1. Opening balance | 622,513.83 |
| 2. Add: opening discrepancy | - |
| 3. IDA advance/replenishment | 7,311,178.83 |
| 4. Less: Refund to IBRD from DA | - |
| 5. Present outstanding amount advanced to DA | 7,933,692.66 |
| 6. DA closing balance | 956,531.73 |
| 7. Add: Amount of eligible expenditures paid | 6,977,160.93 |
| 8. Less: interest earned (if credited to DA) | - |
| 9. Total advance accounted for | 7,933,692.66 |
| 10. Closing discrepancy (5)-(9) | - |

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

*Additional Financing for the Education Improvement Project
IBRD Loan 9389-AM
For the period from January 1, 2025, to December 31, 2025
In EUR*

1. General Information

1.1. Project Financing

According to the Loan Agreement 9389-AM dated June 9, 2022, concluded between the Republic of Armenia and International Bank for Reconstruction and Development (IBRD), IBRD provided financing in the amount of 22,600,000 euro (EUR) for the implementation of "Additional Financing for the Education Improvement Project" (the Project).

The Closing Date for the expenditures to be financed by the Loan was set on December 31, 2025.

On 13 August 2025 The Bank has established June 30 2026, as the later date for purposes of Section III B.2 Schedule 2 "Withdrawal Conditions; Withdrawal Period" to the Loan Agreement between RA and the Bank dated June 9, 2022.

The Disbursement Deadline Date is set 4 months after the Closing Date.

1.2. Project objectives

The objectives of the Project are to improve school readiness of children entering primary education, improve physical conditions and the availability of education resources in general education, and support improved quality and relevance in higher education institutions in Armenia.

The Project consists of the following Components:

Component 1. Enhancing the Quality of General Education

- Sub-component 1.1. Promoting School Readiness and equal opportunities at the start of General Education
- Sub-component 1.2. Enriching Upper Secondary Schools
- Sub-component 1.3. Improving data collection and monitoring of the education system performance
- Sub-component 1.5 Equipping General Education Schools

Component 2. Mainstreaming of the Competitive Innovation Fund (CIF) for Higher Education Institutions (HEI) into full implementation

Component 3. Project Management, Monitoring and Evaluation

1.3. Project Budget

The Project is being financed by the following sources:

- International Bank for Reconstruction and Development (IBRD),
- The Government of the Republic of Armenia (Government of RA).

Co-financing rate of 20% is applied for Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project and Sub-grants for RA contribution.

In addition, on March 10, 2023, the Centre for Education Projects PIU signed a Letter of Agreement with UNDP on co-funding to the project at the total amount of 8,000,000 AMD.

On 24 June 2024, the Center for Education Projects PIU signed a Letter of Agreement with UNDP on co-funding to the project at the total amount of 270,000,000 AMD.

On December 12, 2024, the Government of the Republic of Armenia adopted Decision No. 1973-N, which introduced reallocations and adjustments to the 2024 State Budget, amounting to a total of 24,427,000 AMD.

| Category | IBRD Loan 93B9-AM EUR | Government of RA EUR | UNDP EUR | Total EUR |
|--|--------------------------|----------------------------|----------------|-------------------|
| (1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project (except Sub-grants) | 20,283,500 | 5,070,875 | 524,219 | 25,878,594 |
| (2) Sub-grants | 2,260,000 | 565,000 | 52,803 | 2,877,803 |
| Front-end fee | 56,500 | - | - | 56,500 |
| Total | 22,600,000 | 5,635,875 | 577,022 | 28,812,897 |

The difference between the total budget as per table above and budget per PAD is due to rounding and UNDP additional financing.

1.4. Project Implementation

The Project is implemented by the "Centre for Education Projects" Project Implementation Unit of the Ministry of Education, Science, Culture and Sports of the Republic of Armenia ("CFEP").

The CFEP PIU was established by the Ministry of Education and Science in 1996 for implementation of the WB funded loan and grant projects.

The address of the CFEP PIU is: 73 S.Vratsyan Str., 0070, Yerevan, Republic of Armenia.

2. Accounting policy

2.1 Preparation and presentation of financial statements

The special purpose financial statements have been prepared based on the accrual basis of accounting.

In accordance with the accrual bases of accounting the expenditure is recognized when the transaction occurs (expense incurred), and not when cash or its equivalent is received or paid. The transactions are recorded in the accounting records and recognized in the special purpose financial statements of the periods to which they relate.

The special purpose financial statements consist of:

- Statement of financial position,
- Statement of sources and uses of funds,
- Statement of uses of funds by project activity,
- Summary of SOEs,
- Statement of designated account,
- Notes to the special purpose financial statements.

Reporting currency of special purpose financial statements is euro (EUR).

2.2 Foreign currency transactions

Foreign currency is a currency other than the reporting currency of the Project. Project accounts are maintained in euro (EUR) and Armenian Drams (AMD).

- Contributions of the co-financiers (RA Government, other) expressed in AMD are translated into EUR at the average exchange rate at currency market issued by the Central Bank of Armenia (CBA) and set in RA Treasury at the date of transfer.
- Project expenditures expressed in AMD are translated into EUR at the average exchange rate at currency market issued by the CBA and set in RA Treasury at the date of payment.
- Monetary assets and liabilities are translated into EUR at the average exchange rate at currency market issued by the CBA and set in RA Treasury at the reporting date.

- Non-monetary assets and liabilities are translated into EUR at the average exchange rate at currency market issued by the CBA and set in RA Treasury at the date of transaction.
- Transaction and translation exchange differences (gains/losses) are recognized and presented in financial statements in net as an Exchange difference.

The average exchange rate at currency market issued by the CBA as at 31 December 2025 is
1 EUR = 449.01 AMD

2.3 Taxes

The Project related taxes and mandatory payments are calculated and paid in accordance with tax regulations of the Republic of Armenia.

3. Project expenditures allocation on funds

| Expenditure category | Reporting period | | Cumulative as at 31.12.2025 | | | | | |
|---|-----------------------------|----------------------------|-----------------------------|----------------------|-----------------------------|----------------------------|-------------------|----------------------|
| | IBRD Loan 9389-AM EUR | Government of RA EUR | UNDP EUR | Total EUR | IBRD Loan 9389-AM EUR | Government of RA EUR | UNDP EUR | Total EUR |
| (1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project (except Sub-grants) | 7,174,840.96 | 2,995,330.24 | 406,442.17 | 10,576,613.37 | 19,279,433.89 | 6,009,638.81 | 499,958.12 | 25,739,030.82 |
| (2) Sub-grants | 650,123.06 | 186,853.37 | 12,310.53 | 849,286.96 | 1,975,429.81 | 550,424.54 | 41,474.19 | 2,567,328.54 |
| Front-end Fee | - | - | - | - | 56,500.00 | - | - | 56,500.00 |
| Total | 7,824,964.02 | 3,182,183.61 | 418,752.70 | 11,425,900.33 | 21,261,363.70 | 6,560,063.35 | 541,432.31 | 28,362,859.36 |

4. Prepayments

| | As at 31.12.2025 | As at 31.12.2024 |
|--------------|-------------------|---------------------|
| | EUR | EUR |
| Works | - | 561,848.34 |
| Goods | - | 43,155.06 |
| Grants | 126,799.54 | 412,615.89 |
| Other | - | 195.88 |
| Total | 126,799.54 | 1,017,815.17 |

5. Payables

| | As at 31.12.2025 | As at 31.12.2024 |
|-----------------------|-------------------|---------------------|
| | EUR | EUR |
| Works | 739,562.73 | 412,966.62 |
| Goods | - | 76,429.97 |
| Consultants' Services | - | 10,083.19 |
| Other | 1,918.39 | 1,700.00 |
| Grants | 30,337.35 | 72,444.37 |
| Total | 771,818.47 | 573,624.15 |

6. Financing

6.1. IBRD Loan 9389-AM

| | Reporting period EUR | Cumulative as at 31.12.2025 EUR |
|---|----------------------------|---------------------------------------|
| Advance | - | 2,000,000.00 |
| Reimbursement - SOE | 7,311,553.83 | 19,697,304.39 |
| Front-end fee | - | 56,500.00 |
| | 7,311,553.83 | 21,753,804.39 |
| Total financing budget | | 22,600,000 |
| Percentage of finance provided as at 31 December 2025 | | 96% |

6.2. RA Government

| | Reporting period EUR | Cumulative as at 31.12.2025 EUR |
|--|----------------------------|---------------------------------------|
| Contributions | 2,959,539.70 | 6,391,731.88 |
| Government Funds (according to the Government decision 1973- dated 12.12.2024) | - | 59,278.76 |
| | 2,959,539.70 | 6,451,010.64 |
| Total financing budget | | 5,635,875.00 |
| Percentage of finance provided as at 31 December 2025 | | 114% |

6.3. UNDP

| | Reporting period | Cumulative as at 31.12.2025 |
|---|---------------------|-----------------------------------|
| | EUR | EUR |
| Contributions | <u>473,818.65</u> | <u>632,087.37</u> |
| | <u>473,818.65</u> | <u>632,087.37</u> |
| Total financing budget | | <u>632,087.37</u> |
| Percentage of finance provided as at 31 December 2025 | | <u>100%</u> |

7. Budget execution

| Category | Cumulative Expenditures | Total budget | Execution |
|--|-------------------------|----------------------|------------|
| | as at 31 December 2025 | | |
| | EUR | EUR | % |
| (1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project (except Sub-grants) | 25,739,030.82 | 26,921,307.11 | 96% |
| (2) Sub-grants | 2,567,328.54 | 2,357,450.88 | 109% |
| Front-end fee | 56,500.00 | 56,500.00 | 100% |
| Total | 28,362,859.36 | 29,335,257.99 | 97% |

8. CASH

| Account | Account held at | Underlying Currency | 31.12.2025 EUR | 31.12.2024 EUR |
|--|-----------------|---------------------|---------------------|-------------------|
| Designated account (IBRD 9389-AM) | Treasury | EUR | 956,531.73 | 622,513.83 |
| Government co-financing account 900000910688 | Treasury | AMD | 907.39 | - |
| Government co-financing account 900000910704 | Treasury | AMD | - | - |
| UNDP financing account 900000911439 | Treasury | AMD | 118,101.34 | 41,633.81 |
| | | | <u>1,075,540.46</u> | <u>664,147.64</u> |

9. Event after reporting date

SOE applications

Application No. 19, in the amount of EUR 1,043,468.27, was submitted to the World Bank on 7 April 2026. The entire amount corresponds to expenses incurred during the 2025 financial period.

10. Litigations

During 2025, the litigation concerning the claim filed by "Araratshin" LLC against the Educational Programs Centre (EPC) of the RA Ministry of Education, Science, Culture and Sports was concluded. In accordance with the final and enforceable court judgment, EPC paid AMD 12,126,967 to Araratshin LLC on 26 September 2025 using state funds, thereby executing the court decision.

As of the reporting date, the case has been fully settled and closed. The Recipient is not currently involved in any ongoing legal proceedings related to this matter

ANNEX 1. RECONCILIATION BETWEEN THE AMOUNTS SUBMITTED BY THE PROJECT AND DISBURSED BY THE WORLD BANK

*Additional Financing for the Education Improvement Project
IBRD Loan 9389-AM
For the period from January 1, 2025, to December 31, 2025
In EUR*

| Category | Appl. N | CFEP | WB | Difference |
|--|---------|---------------------|---------------------|------------|
| (1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project (except Sub-grants) | AF-14 | 1,033,065.91 | 1,033,065.91 | - |
| | AF-15 | 1,371,947.27 | 1,371,947.27 | - |
| | AF-16 | 1,559,628.34 | 1,559,628.34 | - |
| | AF-17.1 | 1,627,030.18 | 1,627,030.18 | - |
| | AF-18 | 957,481.49 | 957,481.49 | - |
| Sub-Total | | 6,549,153.19 | 6,549,153.19 | - |
| (2) Sub-grants | AF-14 | 344,420.26 | 344,420.26 | - |
| | AF-15 | 161,900.97 | 161,900.97 | - |
| | AF-16 | 140,337.65 | 140,337.65 | - |
| | AF-17.1 | 72,809.97 | 72,809.97 | - |
| | AF-18 | 42,931.79 | 42,931.79 | - |
| Sub-Total | | 762,400.64 | 762,400.64 | - |
| Total | | 7,311,553.83 | 7,311,553.83 | - |