MAKHZOUMI FOUNDATION
Beirut - Lebanon

Report and Financial Statements
for the Year Ended December 31, 2025

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for the Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE BOARD OF MAKHZOUMI FOUNDATION, BEIRUT - LEBANON

Adverse opinion

We have audited the financial statements of Makhzoumi Foundation, Beirut - Lebanon (hereinafter referred to as the " Foundation"), which comprise the statement of financial position as at December 31, 2025 and the statement of activities and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, because of the significance of the matters discussed in the basis for adverse opinion section of our report, the accompanying financial statements do not present fairly the financial position of Makhzoumi Foundation, Beirut - Lebanon as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for adverse opinion

A- Non-application of IAS 29 'Financial reporting in hyperinflationary economies'

As set out in note 2, Lebanon's economy was recognized in 2020 as a hyperinflationary economy. IAS 29, 'Financial reporting in hyperinflationary economies', requires financial statements, including comparative information, to be restated in terms of a measuring unit current at the end of the reporting period. Restatement to current units of currency is to be made using the change in a general price index.

However, as set out in note 3-A, these financial statements continue to be prepared on the historical cost basis and have not been restated in accordance with IAS 29, which would have a material and pervasive effect on the financial statements, given the significant number of financial statement line items that would be required to be restated to current units of currency.

INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE BOARD OF MAKHZOUMI FOUNDATION, BEIRUT - LEBANON *(continued)*

B- Non-compliance with IFRS 9 'Financial instruments – expected credit loss'

As disclosed in note 12, the Foundation did not book a provision against the expected credit loss (ECL) in accordance with the requirements of IFRS 9 "Financial Instruments", on the balances with the Lebanese Banks at December 31, 2025.

C- Non-compliance with IAS 21 'The effects of changes of foreign exchange rates'

As described in notes 2 and 4, as a result of the severe economic and financial crisis in Lebanon, Lebanese Pound and restricted fund in USD transactions are being undertaken at various exchange rates depending on the counterparties involved and the nature of transactions.

The non-compliance with IAS 21 would have a material and pervasive effect on the financial statements, as it impacts a significant number of financial statement line items.

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 Foundation in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Lebanon, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the "International Financial Reporting Standards (IFRS)" 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE BOARD OF MAKHZOUMI FOUNDATION, BEIRUT - LEBANON *(continued)*

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 "International Standards on Auditing (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 "International Standards on Auditing (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 Foundation'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 Foundations 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 Foundation to cease to continue as a going concern.*

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INDEPENDENT AUDITOR'S REPORT
TO THE EXECUTIVE BOARD OF MAKHZOUMI FOUNDATION, BEIRUT - LEBANON *(continued)*

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

- *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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Simon Zacca.

Beirut, Lebanon
May 4, 2026

Baker Tilly

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Statement of Activities

For the Years Ended December 31,	Notes	**2025** US$	2024 US$
Revenues and Support			
Membership dues		**36**	40
Projects and contributions	5	**3,958,388**	4,892,008
Donations		**2,762,391**	2,757,251
Development Programs		**7,880**	6,348
Health contributions and programs		**459,058**	977,354
Training center and other small projects		**94,312**	90,055
Administrative fees - Micro Credit Units		**77,342**	59,681
Previous year adjustments		**20,388**	-
Other revenues		**12,059**	11,105
Total Revenues and Support		**7,391,854**	8,793,842
Expenses			
Projects and contributions expenses		**(1,529,847)**	(1,756,310)
Medicine, supplies and laboratories		**(169,188)**	(165,646)
Medical support		**(185,228)**	(419,515)
Schooling and other support		**(240,763)**	(183,142)
Material for trainees		**(14,556)**	(19,372)
Staff training		**(19,384)**	(4,945)
Service expenses		**(315,314)**	(532,986)
General and administrative expenses	6	**(1,518,824)**	(1,558,702)
Personnel charges	7	**(1,740,427)**	(2,005,462)
Professional fees		**(140,125)**	(218,071)
Fines and penalties		**(2,201)**	(415)
Bad debt expense		**-**	(5,025)
Donations		**(1,281,611)**	(973,391)
Prior year expenses		**-**	(4,192)
Foreign exchange differences, net		**(8,096)**	(881,509)
		(7,165,564)	(8,728,683)
Expenses not requiring outlay of funds:			
Depreciation expense	8	**(36,198)**	(38,090)
Amortization expense	9	**(3,373)**	(11,468)
Provision for risk and other charges		**(861)**	(1,739)
Provision for end of service indemnity	13	**(227,375)**	(38,115)
		(267,807)	(89,412)
Total (Expenses)		**(7,433,371)**	(8,818,095)
Excess of (Expenses) over Revenues and Support		**(41,517)**	(24,253)
Adjustment in Previous Year Results		**-**	(81,969)
Net Assets, at January 1		**477,429**	583,651
Net Assets, at December 31 *(to statement of financial position)*		**435,912**	477,429

The accompanying notes on pages 8 through 24 form an integral part of these financial statements

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Statement of Financial Position

December 31,		2025	2024
Assets	Notes	**US$**	US$
Non-Current Assets			
Tangible fixed assets	8	**107,199**	124,386
Intangible assets	9	**634**	4,007
		107,833	128,393
Current Assets			
Accounts receivable and prepayments	10	**205,209**	320,211
Micro credit loans	11	**454,413**	144,165
Cash and cash equivalents	12	**970,098**	805,693
		1,629,720	1,270,069
Total Assets		**1,737,553**	1,398,462
Liabilities and Net Assets	Notes	**US$**	US$
Non-Current Liabilities			
Provision for end of service indemnity	13	**815,179**	615,837
Current Liabilities			
Accounts payable and accruals	14	**486,462**	305,196
Net Assets		**435,912**	477,429
Total Liabilities and Net Assets		**1,737,553**	1,398,462

The accompanying notes on pages 8 through 24 form an integral part of these financial statements

The financial statements on pages 5 to 24 were approved and signed by the President Mrs. May Makhzoumi on May 4, 2026:

Mrs. May Makhzoumi
President

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Statement of Cash Flows

For the Years Ended December 31,	Notes	2025 US$	2024 US$
Operating Activities			
Excess of (expenses) over revenues and support		**(41,517)**	(24,253)
Adjustments to reconcile excess of (expenses) over revenues and support to net cash provided by (used in) operating activities:			
Depreciation expense	8	**36,198**	38,090
Amortisation expense	9	**3,373**	11,468
Provision for end of service indemnity	13	**227,375**	38,115
Adjustment in Prior year results		**-**	(81,969)
Changes in working capital:			
Decrease (increase) in accounts receivable and prepayments	10	**115,002**	(24,837)
(Increase) decrease in micro credit loans, net	11	**(310,248)**	80,544
Increase (decrease) in accounts payable and accruals	14	**181,266**	(85,487)
Cash from Operations		**211,449**	(48,329)
Provision for end of service indemnity paid	13	**(28,033)**	-
Net Cash Provided by (Used in) Operating Activities		**183,416**	(48,329)
Investing Activities			
Acquisition of tangible fixed assets	8	**(19,011)**	(54,362)
Net Cash (Used in) Investing Activities		**(19,011)**	(54,362)
Cash and Cash Equivalents			
Increase (decrease) in cash and cash equivalents		**164,405**	(102,691)
Cash and cash equivalents, at January 1		**805,693**	908,384
Cash and Cash Equivalents, at December 31	12	**970,098**	805,693

The accompanying notes on pages 8 through 24 form an integral part of these financial statements

Note 1. General Information

Makhzoumi Foundation, Beirut - Lebanon (hereinafter referred to as the "Foundation") is a non-profit organization registered as an association at the Ministry of Interior, Department of Political and Administrative Affairs, under advice No. 22/AD dated February 7, 1997.

The address of the registered office of the Foundation is Barbour, Zreik Street, Makhzoumi building, P.O.Box: 13/5009, Beirut, Lebanon. The financial statements for the year ended December 31, 2025, were approved and authorized for issuance by the President Mrs. May Makhzoumi on May 4, 2026.

The purpose of the Foundation is to provide the citizens with educational, cultural and social services and support, and to cooperate with similar associations in Lebanon and other countries.

Note 2. Lebanon's Economic Crisis, and Regulatory Decisions

The Foundation's operations are in Lebanon which is in a severe interconnected fiscal, monetary and economic crisis. Lebanon has long relied on steady flow of dollars from overseas to help fund its financial system. This has been choked off following the loss of confidence in economic and political system and the credit rating downgrade of the Lebanese Republic. From a fiscal standpoint, the primary surplus required to stabilize the country's debt-to-GDP ratio exceeded 5% in October 2019, according to the International Monetary Fund "IMF". On March 7, 2020 the Lebanese Republic announced that it will withhold payment on the bonds due on March 9, 2020 in order to safeguard the country's foreign currency reserves. On March 23, 2020 the Lebanese Republic announced that it will discontinue payments on all of its US Dollars denominated Eurobonds due to further pressure on Lebanon's access to foreign currency and that it will take all measure it deems necessary to prudently manage its limited foreign currency reserves. The Lebanese government reluctance to implement the necessary fiscal and economic reforms led to Lebanon's first-ever external default.

The event only worsened the economic crisis the country is facing, in addition to political and geopolitical instability and a low contribution of productive sectors to the GDP. Lebanon's over-indebtedness and the dollarization of the economy further worsened its crisis. The Lebanese Pound was pegged at US Dollar 1 equals LBP 1,507.5, till January 31, 2023, and LBP 15,000 for each US$1 till December 18, 2023, since December 19, 2023, the Central Bank established a new official US Dollar exchange rate of LBP 89,500 for each US$1 ("Official Exchange Rate").

At the date of the authorization of these financial statements, banks are unable to borrow from international markets, have imposed unofficial capital controls, restricted transfers of foreign currencies outside Lebanon and significantly reduced credit lines to companies, which resulted in the disruption of the economic activity and had a negative impact on obtaining sources of liquidity.

Possible Risks

The persisting economic crisis in Lebanon, the unavailability of financing, the imposition of unofficial capital controls together with current instability, might lead to significant deterioration in the Foundation's future financial performance. Management is closely monitoring the environment in which the Foundation operates, including key indicators within its business, in order to minimize risks facing the Foundation and its future performance.

(concluded)

Note 3. Summary of Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A - Basis of Preparation

(i) Compliance with "International Financial Reporting Standards (IFRS)"

The financial statements of the Foundation have been prepared in accordance with "International Financial Reporting Standards (IFRS)" and interpretations issued by the "IFRS Interpretations Committee (IFRS IC)" applicable to companies under "International Financial Reporting Standards (IFRS)". The financial statements comply with "International Financial Reporting Standards (IFRS)" as issued by the "International Accounting Standards Board (IASB)", except for the accounting standards IAS 29 "Reporting in Hyperinflationary Economies", IAS 21 "The Effects of Changes in Foreign Exchange Rates" and IFRS 9 "Financial Instruments – Expected Credit Loss" that were not applied in these financial statements.

The preparation of financial statements in conformity with "International Financial Reporting Standards (IFRS)" requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(ii) Historical cost convention

The financial statements are prepared under the historical cost convention. The monetary unit used in the accounting records is the Lebanese Pound. The accounting policies are consistent with those used in the previous year.

(iii) New and amended standards adopted by the Foundation

The Foundation has no impact in respect of the standards and amendments set out below for the first time for their annual reporting period commencing January 1, 2025.

- *Lack of Exchangeability – (Amendment to IAS 21: The Effects of Changes in Foreign Exchange Rates).*

Accordingly, the Foundation did not change its accounting policies and did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current and future periods.

(continued)

Note 3. Summary of Significant Accounting Policies *(continued)*

A - Basis of Preparation *(continued)*

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations, set out below, have been published that are not mandatory for December 31, 2025 reporting periods. Based on the Foundation's assessment, these accounting standards have no effect or impact on the financial statements for the year ended December 31, 2025 or future reporting periods and on foreseeable future transactions.

- *IFRS 9 & IFRS 7 – Classification & Measurement of Financial Instruments: Updates for contracts referencing nature-dependent electricity.*
- *IFRS 10 & IAS 28 – Sale or Contribution of Assets between Investor and Associate/Joint Venture: Clarification of accounting treatment.*
- *International Tax Reform – Pillar Two Model Rules (IAS 12): Deferred tax treatment for global minimum tax.*

(v) Standards and interpretations not adopted

- *IAS 29 'Financial reporting in hyperinflationary economies'*

The annual inflation rate in Lebanon up to the end of 2019 was consistently less than 10%. From the latter part of year 2019 till year 2025, Lebanon's economy experienced significant shortages in hard currency and has been recognized as a hyperinflationary economy, the six-year cumulative inflation rate at the end of December 2024 exceeded 100%.

"IAS 29: Financial Reporting in Hyperinflationary Economies" establishes specific standards for entities reporting its financial statements in a functional currency that is the currency of a hyperinflationary economy. As a result, the financial statements drawn up for periods ending on or after December 31, 2020, must be prepared in accordance with IAS 29.

Under IAS 29, when the functional currency is the currency of a hyperinflationary economy, the financial statements, including comparative figures, are restated into the measuring unit current at the end of the reporting period.

This involves the restatement of income and expenses to reflect changes in the general price index from the start of the reporting period and, the restatement of non-monetary items in the statements of financial position to reflect the current purchasing power at the period end using a general price index from the date when these items were recognized.

Based on the information provided to us by the Foundation and disclosed in note 4 to the financial statements, Management believes that the determination of the spot rate is complex and accordingly the official exchange rate has been used until such time as there is clearer guidance from the fiscal authorities with respect to their requirements in this regard. Consistent with their position, management have prepared the financial statements on a historical cost basis and have not been restated in terms of a measuring unit current December 31, 2025.

(continued)

Note 3. Summary of Significant Accounting Policies *(continued)*

B - Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the entity operates ("the Functional Currency"). The financial statements are presented in US Dollars, which is the Foundation's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of activities. Foreign exchange gains and losses that relate to bank overdrafts (if any) are presented in the statement of activities, within finance costs, net.

C - Tangible Fixed Assets

Fixed assets are stated net of accumulated depreciation and recorded at their purchase cost together with any incidental expenses of acquisition and other costs directly attributable to bring the asset to working condition for its intended use.

Expenditure incurred to replace a component of an item of tangible fixed assets that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related asset. All other expenditure is recognised in the statement of activities as the expense is incurred.

Cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and the resulting gain or loss is included in the results of activities.

The residual value and the useful life of an asset should be reviewed at least at each financial year-end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as determined by the income tax authorities.

Annual depreciation rates are as follows:

Furniture	*8%*
Vehicles	*8%*
Office equipment	*8%*
Medical equipment	*10%*
Computer equipment	*20%*

The depreciation method should be reviewed at least annually and, if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(continued)

Note 3. Summary of Significant Accounting Policies *(continued)*

D - Intangible Assets

The key criteria for determining whether intangible assets are to be recognised are:

- *Whether the intangible asset can be identified separately from other aspects of the business entity;*
- *Whether the use of the intangible asset is controlled by the entity as a result of its past actions and events;*
- *Whether future economic benefits can be expected to flow to the entity; and*
- *Whether the cost of the asset can be measured reliably.*

An intangible asset is identifiable when it is separable (i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, asset or liability); or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The capitalisation of any subsequent costs incurred on recognised intangible assets are subject to the same key recognition criteria as initial costs.

Software is amortised over a period of five (5) years using the straight-line method.

E - Impairment of Non-Financial Assets

Tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of activities, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease. A reversal of an impairment loss is recognised immediately in the statement of activities, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(continued)

Note 3. Summary of Significant Accounting Policies *(continued)*

F - Impairment of Financial Assets

"IFRS 9: Financial Instruments" establishes a three-stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. These three-stages then determine the amount of impairment to be recognised as expected credit losses at each reporting date as well as the amount of interest revenue to be recorded in future periods:

- *Stage 1: Credit risk has not increased significantly since initial recognition – recognise 12 months expected credit losses, and recognise interest on a gross basis;*
- *Stage 2: Credit risk has increased significantly since initial recognition – recognise lifetime expected credit losses, and recognise interest on a gross basis;*
- *Stage 3: Financial asset is credit impaired – recognise lifetime expected credit losses, and present interest on a net basis (i.e. on the gross carrying amount less credit allowance).*

Stage 1 – 12-months expected credit losses: 12-months expected credit losses are calculated by multiplying the probability of a default occurring in the next 12 months by the total (lifetime) expected credit losses that would result from that default, regardless of when those losses occur. Therefore, 12-months expected credit losses represent a financial asset's lifetime expected credit losses that are expected to arise from default events that are possible within the 12-months period following origination of an asset, or from each reporting date for those assets in stage 1.

Stage 2 – Lifetime expected credit losses are the present value of expected credit losses that arise if a borrower defaults on its obligation at any point throughout the term of a lender's financial asset. This requires an entity to consider all possible default events during the term of the financial asset in the analysis. Lifetime expected credit losses are calculated based on a weighted average of the expected credit losses, with the weightings being based on the respective probabilities of default. A significant increase in credit risk (moving from Stage 1 to Stage 2) can include: changes in general economic and/or market conditions (e.g. expected increase in unemployment rates, interest rates); significant changes in the operating results or financial position of the borrower; changes in the amount of financial support available to an entity; expected or potential breaches of covenants; expected delay in payment.

Stage 3 – Credit-impaired financial assets are those for which one or more events that have a detrimental effect on the estimated future cash flows have already occurred. These financial assets would be in Stage 3 and lifetime expected losses would be recognised. Indicators that an asset is credit-impaired would include observable data about the following events: actual breach of contract; granting of a concession to the borrower due to the borrower's financial difficulty; probable that the borrower will enter bankruptcy or other financial reorganisation.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(continued)

***Note 3. Summary of Significant Accounting Policies** (continued)*

G - Accounts Receivable and Prepayments

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one (1) year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of activities. When a trade receivable is uncollectible, it is written-off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited in the statement of activities.

H - Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three (3) months or less that are ready convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts (if any). In the statement of financial position, bank overdrafts (if any) are shown under current liabilities.

I - Employees Termination Benefits

Provision for staff indemnity is made in accordance with National Social Security Fund legislation and is based on current remuneration rates and cumulative service at the balance sheet date less amounts actually contributed to the Fund.

J - Provisions

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The increase in the provision due to the passage of time is recognised as finance cost.

K - Financial Instruments

Financial assets and financial liabilities are recognized on the Foundation's balance sheet when the Foundation has become a party to the contractual provisions of the instrument.

Receivables are stated at their nominal value as reduced by appropriate allowance for estimated doubtful amounts. Payables are stated at their nominal value. Due to/from related parties are stated at their nominal value.

(continued)

Note 3. Summary of Significant Accounting Policies *(continued)*

L - Accounts Payable and Accruals

Liabilities are obligations to be paid in the future for consumables or services that have been acquired in the ordinary course of business whether billed by the supplier or not. Accounts payable are classified as current liabilities if payment is due within one (1) year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

M - Related Party Transactions

Related party transactions are summarised under note 15 further below, and in conformity with "IAS 24: Related Party Disclosures".

N - Taxation

The Foundation is exempt from income tax.

Note 4. Critical Accounting Estimates, Judgments and Errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Foundation's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgment or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgments, if any, is included in the notes with information about the basis of calculation for each affected line item in the financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Foundation based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Foundation. Such changes are reflected in the assumptions when they occur.

The areas involving significant estimates or judgments are set out below.

Foreign currency translation

From the latter part of year 2019 till year 2025, Lebanon experienced significant shortages in hard currency. As a result, the banks in Lebanon implemented unofficial foreign exchange controls in the banking sector to manage the shortages. The US Dollar has been in wide use and circulation over the last 2 decades or more during which the Lebanese Pound was pegged at US$1 equals LBP 1,507.5, till January 31, 2023, and LBP 15,000 for each US$1 till December 18, 2023, since December 19, 2023, the Central Bank established a new official US Dollar exchange rate of LBP 89,500 for each US$1 ("Official Exchange Rate"). In terms of the banking sector, rates did not vary from the official rate and banks were able to sell at the official quoted rate.

(continued)

Note 4. Critical Accounting Estimates, Judgments and Errors *(continued)*

Foreign currency translation (continued)

In terms of "International Financial Reporting Standards (IFRS)", foreign exchange denominated monetary assets and liabilities should be measured using the spot rate as at December 31, 2024. In addition, the results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency. Determination of the spot rate is complex as the availability of US Dollar at the official rate is not always possible due to the exchange controls implemented.

As a result of the above situation, an unofficial rate has emerged in the foreign exchange market that is applied by foreign exchange brokers in their currency trades ("Parallel Rate").

Management has applied their judgment to determine if the parallel rate should be considered as a spot rate. Management does not believe that the parallel rate can be considered as a spot rate nor is it an official rate for the reasons set out below:

- *The rates are not quoted daily and may differ significantly from one exchange house to another. The rate is considered a hypothetical rate since this rate may not even be available at any given time between exchange houses.*

- *Certain exchange houses are not regulated or licensed to trade and may not be considered a legal exchange mechanism.*

Accordingly, the official exchange rate of US Dollar 1 equals LBP 89,500 has been used to translate and record the US Dollar denominated transactions and balances. In addition, the market rate was used to translate the operations of the Company from its functional currency to its presentation currency.

Note 5. Projects and Contributions

During 2024 and 2025, the Foundation executed the following projects:

- *"Improving Employability of Vulnerable Communities in Beirut and Mount Lebanon"*

The project, which is financed by GIZ aims to, improving the employment situation of young Lebanese adults (aged 17 to 35), women and people with disabilities in Beirut and Mount Lebanon through an accelerated vocational training program, blending occupational, entrepreneurial and soft and life skills, targeting youth and matching with the needs of local labour market in Beirut and Mount Lebanon. The project is from December 1, 2022 till May 31, 2024.

(continued)

Note 5. Projects and Contributions *(continued)*

- *"Crisis-Contextualized, Multi-Dimensional Employment Support Package (CC-MESP) For Youth in Lebanon 2"*

The project with ANERA targets youth aged 18-24 years (Lebanese, Palestinians, and Syrians, girls and boys; including persons with disabilities) who are basically out-of-school, teaching them several courses that will benefit them in the future such as construction courses and waiter and assistant chef courses where the project targets several youth for each course.

The project is from January 8, 2024, till March 31, 2024.

- *"Provide Immediate and Sustainable Solutions to Communicties Affected by Conflicts"*

The project with ANERA aims to empower youth by equipping them with critical skills that not only meet immediate needs but also provide long-term income-generating opportunities.

The project is from December 18, 2024, till March 20, 2025

- *. "Integrate Competency Based Training and Cash-for-Work Interventions for Crisis Settings"*

The project with ANERA aims to equip youth with essential skills for recovery and resilience, they will also have access to CFW opportunities across various sectors, providing them income while contributing to recovery efforts.

The project is from May 5, 2025, till July 31, 2025

- *"Providing Protection, Solutions, and Assistance to forcibly displaced and stateless persons"*

This Project requires the partner to collect personal data of displaced individuals and report it to UNCHR in Lebanon to work on abuse, neglect, violence, and exploitation.

The project is from January 1, 2024 till December 31, 2025.

(concluded)

Note 6. General and Administrative Expenses

	2025	2024
	US$	US$
Rent expense	**66,132**	72,474
Publicity, advertising, and public relations	**34,707**	21,549
Ramadan donation	**640,181**	442,880
Communication expenses	**95,366**	138,836
Guarding expenses	**46,744**	38,694
Transportation	**82,022**	105,206
Travel expenses	**7,685**	7,419
Subscriptions	**21,080**	37,858
Printings and stationery	**46,124**	20,409
Maintenance and repairs	**263,665**	457,613
Utilities expenses	**35,208**	31,465
Insurance premiums	**67,990**	61,689
Leasehold improvements	**2,900**	-
Fuel and gas	**38,279**	59,362
Cleaning and kitchen expenses	**17,708**	26,940
Municipal and other taxes	**17,333**	14,721
Bank charges	**10,744**	14,670
External services and other disbursements	**24,956**	6,917
	1,518,824	1,558,702

Note 7. Personnel Charges

	2025	2024
	US$	US$
Salaries	**1,329,954**	1,553,082
Transportation	**161,921**	181,682
National Social Security Fund	**226,480**	247,833
Other benefits	**22,072**	22,865
	1,740,427	2,005,462

The Foundation had 153 employees at December 31, 2025. (151 employees at December 31, 2024)

(concluded)

MAKHZOUMI FOUNDATION, Beirut - Lebanon

Notes to the Financial Statements (continued) for the Year Ended December 31, 2025

Note 8. Tangible Fixed Assets

Classification	*2024*	*Additions*	*Adjustments/ Retirements*	***2025***
	US$	*US$*	*US$*	***US$***
Cost				
Vehicles	*140,643*	*-*	*-*	***140,643***
Furniture	*211,409*	*-*	*-*	***211,409***
Office equipment	*295,937*	*6,012*	*-*	***301,949***
Computer equipment	*310,431*	*7,467*	*-*	***317,898***
Medical equipment	*464,226*	*5,532*	*-*	***469,758***
	1,422,646	*19,011*	*-*	***1,441,657***
Depreciation				
Vehicles	*117,234*	*7,339*	*-*	***124,573***
Furniture	*197,001*	*5,058*	*-*	***202,059***
Office equipment	*259,095*	*10,068*	*-*	***269,163***
Computer equipment	*304,726*	*4,269*	*-*	***308,995***
Medical equipment	*420,204*	*9,464*	*-*	***429,668***
	1,298,260	*36,198*	*-*	***1,334,458***
Net Book Value	*124,386*			***107,199***

Classification	*2023*	*Additions*	*Adjustments/ Retirements*	*2024*
	US$	*US$*	*US$*	*US$*
Cost				
Vehicles	*117,943*	*22,700*	*-*	*140,643*
Furniture	*211,409*	*-*	*-*	*211,409*
Office equipment	*292,917*	*3,020*	*-*	*295,937*
Computer equipment	*309,781*	*650*	*-*	*310,431*
Medical equipment	*436,234*	*27,992*	*-*	*464,226*
	1,368,284	*54,362*	*-*	*1,422,646*
Depreciation				
Vehicles	*112,330*	*4,904*	*-*	*117,234*
Furniture	*190,909*	*6,092*	*-*	*197,001*
Office equipment	*247,369*	*11,726*	*-*	*259,095*
Computer equipment	*300,697*	*4,029*	*-*	*304,726*
Medical equipment	*408,865*	*11,339*	*-*	*420,204*
	1,260,170	*38,090*	*-*	*1,298,260*
Net Book Value	*108,114*			*124,386*

(concluded)

Note 9. Intangible Assets

Classification	*2024*	*Additions*	*Adjustment*	***2025***
	US$	*US$*	*US$*	***US$***
Cost				
Software	*94,862*	*-*	*-*	***94,862***
Amortization				
Software	*90,855*	*3,373*	*-*	***94,228***
Net Book Value	*4,007*			***634***

Classification	*2023*	*Additions*	*Adjustment*	*2024*
	US$	*US$*	*US$*	*US$*
Cost				
Software	*94,862*	*-*	*-*	*94,862*
Amortization				
Software	*79,387*	*11,468*	*-*	*90,855*
Net Book Value	*15,475*			*4,007*

Note 10. Accounts Receivable and Prepayments

	2025	*2024*
	US$	*US$*
Accounts Receivable		
Receivables from projects	***11,901***	*92,104*
Due from related parties	***2,762***	*1,175*
Other receivables	***5,641***	*1,648*
Advances to suppliers	***-***	*97,709*
Advances to personnel	***16,413***	*16,563*
VAT to be reimbursed	***153,797***	*102,565*
	190,514	*311,764*
Prepayments		
Rent	***1,600***	*1,600*
Prepaid expense	***13,095***	*6,847*
	14,695	*8,447*
Accounts Receivable and Prepayments	***205,209***	*320,211*

(concluded)

Note 11. Micro Credit Loans

	2025	2024
	US$	US$
*Micro credit loans**	**454,907**	145,859
Less: allowance for doubtful loans	**(494)**	(1,694)
	454,413	144,165

**The Micro Credit Unit (MCU) is a program that aims to serve micro enterprises in Lebanon by providing them access to short-term credit.*

Note 12. Cash and Cash Equivalents

	2025	2024
	US$	US$
Bank Balances		
Bank balances USD	**-**	-
Bank balances USD fresh	**517,764**	385,969
Bank balances LBP	**22,763**	42,404
Bank balances Euro	**21,711**	152
Bank balances DKK	**5,194**	84
	567,432	428,609
Cash in Hand		
Cash in hand USD	**399,358**	370,120
Cash in hand LBP	**954**	6,964
Cash in hand Euro	**2,354**	-
	402,666	377,084
	970,098	805,693

With effect from October 2019, measures were adopted unofficially by banks and financial institutions that limit the amounts that may be withdrawn by clients in cash from their current accounts. In addition, foreign exchange controls were implemented unofficially that effectively prohibit most bank transfers outside of Lebanon. Notwithstanding the above, bank current accounts continue to be classified as cash and cash equivalents on the basis that such funds may be utilised without limitation within the country.

(concluded)

Note 13. Provision for End of Service Indemnity

	December 31, 2024	Provision Charged to Operations	Deductions	**December 31, 2025**
	US$	US$	US$	**US$**
Employees	615,837	227,375	28,033	**815,179**

	December 31, 2023	Provision Charged to Operations	Deductions	December 31, 2024
	US$	US$	US$	US$
Employees	577,722	38,115	-	615,837

Note 14. Accounts Payable and Accruals

	2025	2024
	US$	US$
Accounts Payable		
Suppliers	**23,136**	35,563
Due to related parties	**101,568**	2,871
Due to employees	**467**	-
Payables for projects	**139,655**	107,519
Other creditors	**84,291**	117,426
	349,117	263,379
Accrued Taxes and Social Security Charges		
Withholding tax on salaries	**4,391**	10,422
National Social Security Fund	**20,564**	20,249
	24,955	30,671
Accruals		
Accrued income	**48,635**	11,146
Other accruals	**63,755**	-
	112,390	11,146
Accounts Payable and Accruals	**486,462**	305,196

(concluded)

Note 15. Related Party Transactions

At the statement of financial position date, the balances with related parties were as follows:

	2025	2024
	US$	US$
Included in accounts receivable and prepayments (note 10)	**2,762**	1,175
Included in accounts payable and accruals (note 14)	**101,568**	2,871

The nature and significant related party transactions during the year and the amounts involved were as follows:

	2025	2024
	US$	US$
Donations received	2,553,370	2,615,145
Rent expense	2,832	16,900
Guarding services	46,744	38,694
Accounting services	11,869	59,907
Maintenance expense	1,545	1,545
Communication expense	26,496	29,604

Note 16. Significant Events During the Reporting Period

1. On 12/05/2024, the Lebanese Parliament approved Law No. 330, which was published in the Official Gazette, amending Article 45 of Legislative Decree No. 144 of 06/12/1959 and its amendments (Income Tax Law), authorizing income taxpayers to undertake an exceptional revaluation of their inventory and fixed assets, and adopting an exceptional treatment for positive and negative exchange differences resulting from accounts receivable and creditors in foreign currency and financial accounts in foreign currency.

This law was enacted to address several objectives resulting from the economic collapse and hyperinflation since late 2019, namely:

1. To address the effects of inflation.
2. To prevent income taxpayers from incurring any losses resulting from price fluctuations.
3. To preserve the value of the capital of income taxpayers.
4- In line with international inflation standards, particularly International Standard 29. (IAS 29)
5- To unify the tax rate for profits from assignment and speculation in line with what it was previously.
6- It is illogical to tax positive differences in the Lebanese pound resulting from the collapse of the Lebanese currency on revaluation profits.

(continued)

***Note 16. Significant Events During the Reporting Period** (continued)*

Pursuant to the aforementioned Law No. 330, and in order to achieve the objectives set for this law, the Ministry of Finance issued three implementing decisions that defined the details of implementing this law and the method for benefiting from it by income taxpayers, namely:

A. *Decision No. 338/1 dated March 12, 2025, "Determining the details of implementing the provisions related to exceptional processing of positive and negative exchange rate differences stipulated in Article 2 of Law No. 330 dated February 4, 2024".*
B. *Decision No. 339/1 dated March 12, 2025, "Determining the details of implementing the provisions related to the revaluation of fixed assets stipulated in Article 2 of Law No. 330 dated February 4, 2024".*
C. *Decision No. 340/1 dated March 12, 2025 "Determining the details of implementing the provisions related to inventory revaluation stipulated in Article Two of Law No. 330 dated February 4, 2024).*

The issuance of this new law and decisions did not have any significant impact on the foundation's financial statements, as foundations are not covered by this law.

The financial statements reflect a loss in the US Dollars because the tangible fixed assets are not restated and still recorded at historical rate and the Lollar bank account is recorded at rate 1US Dollar = 15,000 LBP.

Capital and Legal Reserve:

Law No. 330, issued on December 5, 2024, did not authorize any restatement for the companies' capital, and mandatory legal reserves, which resulted from the economic collapse and hyperinflation since late 2019. This is partially inconsistent with International Accounting Standard 29 (IAS 29: Financial reporting in hyperinflationary economies).

***2.** During the year 2024, war events occurred in Lebanon, causing significant material and human damage and losses.*

However, the impact on the Company was immaterial.

(concluded)