

FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31st DECEMBER 2024

“YEREVAN THERMAL POWER CENTRE”
closed joint-stock company

“YEREVAN THERMAL POWER CENTRE”

closed joint-stock company

Republic of Armenia

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The Board

Artur Yeritsyan	Secretary General of the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia, Chairman of the Board
Aram Khachatryan	Head of the Legal Department of the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia, Member of the Board
Armen Melik-Israyelyan	Head of the State Share Management Department of the State Property Management Committee of the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia, Member of the Board
Vostanik Marukhyan	Head of the Regional Training Center for Nuclear Security Exercises, Professor, Member of the Board
Natalya Sarjanyan	Head of the Corporate and Public Relations Department of 'Electric Networks of Armenia' CJSC, Member of the Board
Alisa Baghdasaryan	Deputy General Director of "YEREVAN THERMAL POWER CENTRE" CJSC

INDEPENDENT AUDITOR'S REPORT

To the management and shareholders of the "Yerevan Thermal Power Centre" CJSC

Qualified Opinion

We have audited the financial statements of "Yerevan Thermal Power Centre" CJSC ("The Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of other comprehensive income, the statement of changes in equity and the 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our reports the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024, and its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS).

Basis for qualified opinion

The carrying amount of property, plant, and equipment reflected in the Statement of Financial Position as of December 31, 2024, amounts to AMD 104,401,196 thousand, and as of December 31, 2023 — AMD 101,253,127 thousand. As described in Note 6.1 to the financial statements, the Company's property, plant, and equipment are presented at revalued amounts in the Statement of Financial Position. The Company's property, plant, and equipment were last revalued as of December 31, 2017. In accordance with IAS 16 "Property, Plant and Equipment," revaluations should be made with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value at the reporting date. Considering the above mentioned, we have been unable to determine whether adjustments would have been necessary to the carrying amount of property, plant, and equipment and the revaluation reserve in the Statement of Financial Position, and to the profit for the reporting year in the Statement of Profit or Loss.

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 Company in accordance with the ethical requirements relevant to our audit of the financial statements in [jurisdiction], and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Another circumstance

The Company's financial statements for the year ended December 31, 2023 were audited by another auditor, who expressed a qualified opinion on those statements on April 1, 2024.

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 IFRS, and as well as for establishing and maintaining internal control deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Management is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

Our objective is 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 should one exist. Misstatements may 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to a fraud or an 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 an 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 under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of the 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, determine 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 auditors' 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 auditors' report. However, future events or conditions may cause the Foundation 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 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.

Approved

"Alfa Audit" LLC

Director/Auditor



Lavrenti Poghosyan

April 21, 2025

Yerevan


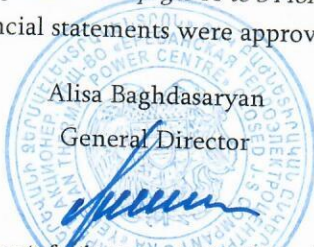
Statement of Financial Position
 “Yerevan Thermal Power Centre” CJSC
 For the year ended 31 December 2024

		31.12.2024	31.12.2023
	Notes	AMD'000	AMD'000
ASSETS			
Non current assets			
PPE	7	104,401,196	101,253,128
Intangible assets		1,071	2,689
Deferred tax assets	8	1,862,621	819,215
Total non current assets		106,264,888	102,075,032
Current assets			
Inventories	9	7,656,935	7,645,541
Trade and other receivables	10	9,742,888	9,862,242
Bank deposits	11	7,240,000	13,611,217
Cash and cash equivalents	12	372,369	770,914
Total current assets		25,012,192	31,889,914
Total assets		131,277,080	133,964,946
Equity and liabilities			
Equity			
Share capital	13	34,921,018	12,629,795
Paid-in-capital		11,276,317	11,276,162
Revaluation reserve		2,366,831	2,431,758
Retained earnings		14,513,171	13,799,517
Reserve capital		1,894,469	1,491,780
Total Equity		64,971,807	41,629,012
Non current liabilities			
Loans	14	59,406,820	67,979,631
Total non current assets		59,406,820	67,979,631
Current liabilities			
Loans	14	2,402,391	2,742,056
Trade and other payables	15	4,446,116	3,457,973
Income tax payables		-	697,581
Dividend payables		-	17,400,693
Income-related benefits		49,947	58,000
Total current liabilities		6,898,454	24,356,303
Total Equity and liabilities		131,277,080	133,964,946

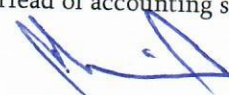
The notes presented on pages 11 to 34 form an integral part of these financial statements.

The financial statements were approved and signed on April 21, 2025:

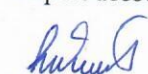
Alisa Baghdasaryan
 General Director

Garri Akhoyan
 Head of accounting service



Hermine Martirosyan
 Expert accountant



Statement of profit or loss and other comprehensive income

“Yerevan Thermal Power Centre” CJSC

For the year ended 31 December 2024

	Note	2024 AMD'000	2023 AMD'000
Revenue	16	92,954,619	90,270,134
Cost of sales	17	(84,683,054)	(85,350,833)
Gross profit		8,271,565	4,919,301
Other income	18	3,505,529	661,344
Administrative expenses	19	(868,097)	(756,571)
Other expenses	20	(16,095,667)	(648,565)
Results from operating activities		(5,186,670)	4,175,509
Financial income	21	875,606	1,450,599
Financial costs	21	(1,490,100)	(1,622,083)
Other Financial Items	22	6,661,584	1,962,328
Gain/ (loss) before tax		860,420	5,966,353
Income tax (expense)/ reimbursement	23	1,043,406	(794,019)
Gain / (loss) for the year		1,903,826	5,172,334
Other comprehensive income for the year		-	-
Total comprehensive result for the year		1,903,826	5,172,334

The notes presented on pages 11 to 34 form an integral part of these financial statements.

Statement of Changes in Equity
 “Yerevan Thermal Power Centre” CJSC
 For the year ended 31 December 2024

	Share capital	Paid-in-capital	Revaluation reserve	Reserve capital	Accumulated gain/Loss	Total
	AMD'000					
Balance as of December 31, 2022	9,945,202	11,264,865	3,293,020	-	26,658,393	51,161,480
Increase of shares nominal value	2,684,594	11,297	-	1,491,780	(1,491,780)	2,695,890
Profit for the year	-	-	-	-	5,172,334	5,172,334
Dividends	-	-	-	-	(17,400,693)	(17,400,693)
Transfer from revaluation reserve	-	-	(861,262)	-	861,262	-
Balance as of December 31, 2023	12,629,796	11,276,162	2,431,758	1,491,780	13,799,516	41,629,012
Increase of shares nominal value	22,291,223	155	-	402,689	(402,689)	22,291,378
Profit for the year	-	-	-	-	1,903,826	1,903,826
Previous year's profit adjustment	-	-	-	-	(10,527)	(10,527)
Dividends	-	-	-	-	(841,883)	(841,883)
Transfer from revaluation reserve	-	-	(64,927)	-	64,927	0
Balance as of December 31, 2024	34,921,019	11,276,317	2,366,831	1,894,469	14,513,171	64,971,807

The notes presented on pages 11 to 34 form an integral part of these financial statements.

Statement of cash flows

“Yerevan Thermal Power Centre” CJSC

For the year ended 31 December 2024

	01.01.2024- 31.12.2024	01.01.2023- 31.12.2023
	AMD'000	AMD'000
Cash flows from operating activities		
Cash received from sales	51,055,706	64,247,066
Cash paid to suppliers	(56,947,852)	(63,439,067)
Cash paid to employees	(735,303)	(714,810)
Payments to the budget and social fund	(1,288,677)	(3,002,132)
<i>Income tax</i>	(666,171)	(1,573,458)
Other received	20,390	11,698
Other paid	(50,745)	(18,707)
Net cash flows from operating activities	<u>(7,946,481)</u>	<u>(2,915,952)</u>
<i>Cash flows from investing activities</i>		
Acquisition of PPE	(38,104)	(9,358)
Investment of deposits	(17,354,963)	(19,315,000)
Repayment of deposits	23,815,007	22,549,000
Interest income on deposits	922,555	1,466,036
Net cash flows from investing activities	<u>7,344,495</u>	<u>4,690,678</u>
<i>Cash flows from financing activities</i>		
From equity issuance	5,656,010	2,695,890
Payment of dividends	(1,607,208)	-
Repayment of loans	(2,329,189)	(2,424,833)
Interests paid	(1,516,541)	(1,434,439)
Net cash flows from financing activities	<u>203,072</u>	<u>(1,163,382)</u>
Total net cash flows	(398,914)	611,344
Exchange difference on cash	370	2,236
<i>Cash and cash equivalents at the beginning of the year</i>	<u>770,913</u>	<u>157,333</u>
<i>Cash and cash equivalents at the end of the year</i>	<u><u>372,369</u></u>	<u><u>770,913</u></u>

The notes presented on pages 11 to 34 form an integral part of these financial statements.

Notes to Financial statements

“Yerevan Thermal Power Centre” CJSC

1. General information

"Yerevan Thermal Power Plant" Company was founded in 1963. The "Yerevan Thermal Power Plant" Closed Joint-Stock Company (the Company) was established in 1997.

The main activities of the Company are:

The production of electric energy in the CCGT (Combined Cycle Gas Turbine) unit under conditions ensuring the safe and efficient operation of the plant;

According to the rules of the wholesale electricity market of the Republic of Armenia and the license requirements, as a Market Operator (MO):

1. Provision of balancing services by buying and selling the necessary electric energy in the balancing market;
2. Provision of secondary and tertiary reserve capacity services for balancing and frequency regulation, by purchasing the necessary capacity for this purpose.

In this regard, the Company purchases balancing electric energy and, to provide secondary and tertiary reserve services to electricity market participants with consumption systems, acquires available capacities from producers providing secondary and tertiary reserves at regulated tariffs set by the Commission;

3. Import and export of electric energy.

The activities of the Company, including the tariff policy, are regulated by the Public Services Regulatory Commission of the Republic of Armenia (PSRC).

Of the seven turbo generators of the Yerevan TPP, the first turbine unit with a capacity of 50 MW was commissioned in 1963, and the last one in 1967.

After more than 40 years of operation, the plant's units and auxiliary equipment underwent significant physical and moral wear and tear, depleting their normative operational reserves. Consequently, the reliability of the plant's operation and the efficiency of electric and thermal energy production substantially decreased.

On March 29, 2005, a loan agreement was signed between the Government of Armenia and the Japan Bank for International Cooperation (JBIC) for the implementation of the "Yerevan Combined Cycle Gas Turbine (CCGT) Power Plant" project. Based on this agreement, JBIC provided a concessional loan to the Armenian Government amounting to 26.409 billion Japanese yen. The construction of the new plant started in 2006 and was completed in 2010. It was put into operation in April 2010.

The Company's average number of employees in 2024 was 181 (in 2023, it was 182).

The amendment to the Company's Charter was registered with the State Registry on September 8, 2006, with the registration number 269.070.00255.

As of December 31, 2024, the Company's charter capital amounted to AMD 34,921,019 thousand (as of December 31, 2023 — AMD 12,629,796 thousand). It consists of 12,202,701 ordinary shares, each with a nominal value of AMD 2,861.745 (as of December 31, 2023 — 12,202,701 ordinary shares with a nominal value of AMD 1,035.00).

Business Environment

The Company operates in Armenia. Therefore, its activities are influenced by Armenia's economy and financial markets, which are characteristic of a developing market.

The legal, tax, and regulatory systems continue to evolve but are subject to different interpretations and frequent changes, which, along with other legal and financial obstacles, create additional complexities for organizations operating in Armenia.

The financial statements reflect the Company's assessment of the impact of the business environment on its operations and financial condition.

As part of efforts to liberalize Armenia's electricity market and promote interstate trade, from February 1, 2022, the phased liberalization of Armenia's electricity market began, with full liberalization expected by February 1, 2030.

As a result, certain electricity generation plants, including the "Yerevan Thermal Power Plant" CJSC, will no longer have tariffs set by the PSRC and will sell electricity based on market demand and supply prices.

They will become participants in the wholesale market, and entities will purchase electricity under market conditions.

This operational environment has a significant impact on the Company's activities and financial condition. Necessary measures are being taken to ensure the stability of the Company's operations.

2. Compliance

Accounting has been conducted in accordance with the requirements of the legislation of the Republic of Armenia.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

3. Functional and Presentation Currency

The functional and presentation currency of the Republic of Armenia is the Armenian dram (AMD), which is also the Company's functional and presentation currency. Financial information is presented in thousands of drams, without decimal points.

4. Significant Accounting Judgments and Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts in the financial statements. Estimates and the underlying assumptions are reviewed on an ongoing basis.

Going Concern Principle

Based on the judgments made, the Company's management has a reasonable expectation that the Company will continue its operational activities for the foreseeable future. Therefore, the Company continues to adopt the going concern basis in preparing its financial statements.

Use of Judgments, Estimates, and Assumptions

In the process of preparing the financial statements in accordance with IFRS, management has made a number of judgments, estimates, and assumptions concerning the presentation of assets and liabilities, as well as the disclosure of contingent liabilities and assets. Actual results may differ from these estimates.

Critical Judgments in Applying Accounting Policies

The following represents the critical judgments made by management in applying the Company's accounting policies that have a significant effect on the amounts recognized in the financial statements:

a) Revenue Recognition – Principal or Agent (IFRS 15, paragraph 6.10). Management has made significant judgments to determine whether the Company acts as a principal or an agent in various transactions.

Key Estimates and Assumptions

The following are the key estimates and assumptions made by management, which have a significant effect on the amounts recognized in the financial statements:

a) Fair Value Measurement (IFRS 13, paragraph 29)

Certain assets and liabilities included in the Company's financial statements require measurement at fair value and/or disclosure of fair values.

The Company bases the fair value measurements as much as possible on observable market data. Inputs used in fair value measurements are categorized into three levels based on the degree to which inputs are observable ("fair value hierarchy"):

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Observable inputs, other than quoted prices, for the asset or liability, either directly or indirectly;
- Level 3: Unobservable inputs based on market assumptions.

The level within which the fair value measurement is categorized is determined based on the lowest level input that is significant to the entire fair value measurement. Transfers between levels of the fair value hierarchy are recognized during the period during in which the transfers occur.

b) Useful Lives of Property, Plant, and Equipment

Useful lives are estimated based on management's expectation regarding the asset's likely usage and intended continuation of use. Management believes that the estimated useful lives do not differ materially from their economic lives. Should actual useful lives differ from estimates, this would impact the carrying value and depreciation of assets in the financial statements.

c) Impairment of Receivables and Other Financial Assets (IFRS 9, paragraph 10)

The impairment of financial assets is assessed periodically. As of December 31, 2024, the carrying amount of impaired receivables was 404,575 thousand drams (unchanged from December 31, 2023), and for other financial assets — 214 thousand drams.

Management makes judgments based on changes in future cash flows when assessing impairment losses, particularly when the customer or borrower is experiencing financial difficulties. If actual recoveries differ from expected recoveries, the carrying amount of assets will be adjusted accordingly.

Foreign Currency Transactions

Foreign currency transactions are translated into Armenian drams using the exchange rate prevailing on the transaction date. The exchange rate applied is the average exchange rate of the Armenian dram against foreign currencies as published by the Central Bank of Armenia.

At the reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates prevailing on the reporting date. Exchange differences arising from the retranslation of monetary assets and liabilities are recognized directly in profit or loss.

Initial Recognition of Transactions with Related Parties

In the normal course of business, the Company enters into transactions with related parties. Judgment is applied to determine whether these transactions are conducted at market or non-market rates when an active market for such transactions does not exist. The basis for judgment includes evaluating similar transactions with unrelated parties and analyzing effective interest rates.

5. Adoption of New and Revised IFRS Standards

During the current year, the Company has adopted and applied all the new and revised standards and interpretations effective for periods beginning on or after January 1, 2024, as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC).

The nature and impact of these changes are disclosed below.

New and Revised Standards and Interpretations Applicable for Annual Periods Beginning on or After January 1, 2024

A number of new standards are effective for annual periods beginning on or after January 1, 2024, and early application of these standards is permitted. However, in preparing these separate financial statements, the Company has not early adopted any new or amended standards.

<i>Standard</i>	<i>Name of the Standard or Interpretation</i>
IFRS 18	Presentation and Disclosure of Financial Information (in place of IAS 1)

New and Revised Standards and Interpretations Applicable for Annual Periods Beginning on or After January 1, 2024

As of the approval date of these financial statements, certain new standards, amendments, and interpretations to existing standards have been issued by the International Accounting Standards Board (IASB), that are not yet effective and have not been earlier adopted by the Company.

Management anticipates that all applicable standards and interpretations will be incorporated in the Company's accounting policies starting from the first period following the effective date.

Management does not expect these changes to have a material impact on the Company's financial statements, and they are presented below.

<i>Standard</i>	<i>Name of the Standard or Interpretation</i>	<i>Effective for Reporting Periods Beginning On or After That Date</i>
IAS 21	The Effects of Changes in Foreign Exchange Rates (in place of IAS 21)	January 1, 2024
IFRS 7	Financial Instruments: Disclosures (in place of IFRS 7)	January 1, 2024
IFRS 9	Financial Instruments (in place of IFRS 9)	January 1, 2024

6. Brief Description of Significant Parts of the Accounting Policy

6.1. Basis of Measurement

The financial statements are prepared on an accrual basis and primarily using the historical cost method or amortized cost method, except for the following items:

- Property, plant, and equipment measured at revalued amounts (see Section 6.2).

6.2. Property, Plant, and Equipment

Property, plant, and equipment used for service provision or administrative purposes are presented in the statement of financial position at revalued amounts, representing the fair value at the date of revaluation less subsequent accumulated depreciation and accumulated impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value as of the reporting date. An increase in the value arising from the revaluation of property, plant, and equipment is attributed to other comprehensive income and reflected in equity as a revaluation reserve. However, if this increase reverses a decrease previously recognized in profit or loss due to a revaluation of the same asset, then it is recognized in profit or loss to the extent that it offsets the previous decrease recognized as an expense.

When the carrying amount of property, plant, and equipment decreases due to revaluation, the decrease is recognized in profit or loss to the extent that it exceeds any previously recognized revaluation surplus for the same asset.

The revaluation surplus recognized in retained earnings is realized gradually as the asset is used by the Company. The realized portion corresponds to the difference between the depreciation based on the revalued carrying amount and the depreciation based on the asset's original cost. Upon disposal or derecognition of a revalued asset, the remaining revaluation surplus related to that asset is directly transferred to retained earnings.

Property, plant, and equipment under construction, whether held for leasing, administrative, or currently uncertain purposes, are accounted for at initial cost less any impairment losses. The initial cost includes expenditures directly attributable to the acquisition, preparation of the site, installation costs, professional fees,

and, for qualifying assets, borrowing costs eligible for capitalization under the Company's accounting policies.

Any profit or loss arising on the disposal or derecognition of an item of property, plant, and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

The costs of replacing a component of an item of property, plant, and equipment are capitalized when the recognition criteria are met, and the carrying amount of the replaced component is derecognized.

Other subsequent costs are capitalized only if it is probable that future economic benefits associated with the item will flow to the Company. All other expenditures, including maintenance and repairs, are recognized in profit or loss when incurred.

Each significant part of an item of property, plant, and equipment is accounted for separately if it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be reliably measured.

Major components of an item are separately recognized within the property, plant, and equipment category.

Depreciation

Depreciation is calculated using the straight-line method for all classes of property, plant, and equipment.

The following factors are considered when determining the useful life of property, plant, and equipment:

- (a) The expected usage of the asset by the Company,
- (b) Expected physical wear and tear,
- (c) Technical obsolescence,
- (d) Legal or similar restrictions on the use of the asset.

The estimated useful lives of property, plant, and equipment are as follows:

Buildings and constructions	20–40 years
Power plants	40 years
Transmission facilities	5–40 years
Machinery and equipment	5–40 years
Vehicles	5 years
Production and farming assets	5–40 years
Other property, plant, and equipment	2–10 years

Depreciation begins when the asset is available for use, meaning it is in the location and condition necessary for it to operate in the manner intended by management. Depreciation ceases at the earlier of the date the asset is derecognized or the date the asset is classified as held for sale.

Depreciation expense is recognized on a straight-line basis over the estimated useful life of the asset to allocate the cost or revalued amount of an asset, less its residual value, over its useful life.

6.3. Intangible Assets

Intangible assets acquired by the Company with a definite useful life are presented at their initial cost less accumulated amortization and accumulated impairment losses.

6.4. Impairment of Assets

The carrying amount of the Company's property, plant and equipment and intangible assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset (or group of assets) is estimated and compared to the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to the estimated recoverable amount, and impairment losses are recognized immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each inventory item (or group of similar items) to its net realizable value, which is the selling price less the estimated costs of completion and selling expenses. If an inventory item (or group of similar items) is impaired, its

carrying amount is reduced to its net realizable value, and the impairment loss is recognized immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or group of assets) is increased to the revised estimate of its recoverable amount (for inventories, the selling price less the estimated costs of completion and selling expenses), but not beyond the amount that would have been determined had no impairment loss been recognized in prior years. The reversal of an impairment loss is recognized immediately in profit or loss.

6.5. Inventories

The cost of inventories includes purchase costs and other costs incurred in bringing the inventories to their present location and condition.

The cost of interchangeable inventories is determined using the weighted average formula.

For non-interchangeable inventories, specifically vehicles, the cost is determined by directly identifying the specific costs incurred.

Inventories are presented at the lower of cost and net realizable value.

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

6.6. Financial Instruments

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

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards of ownership are transferred to a third party.

Financial assets are also derecognized when they are settled, rendered non-recoverable, cancelled, or expired.

Financial Assets

The Company classifies its financial assets as financial assets measured at amortized cost. These assets mainly arise from providing goods or services to customers (e.g., trade receivables) and include other financial assets intended to be held to collect contractual cash flows, where those cash flows represent solely payments of principal and interest.

Financial assets are initially recognized at fair value plus transaction costs directly attributable to the acquisition or issue, and subsequently measured at amortized cost using the effective interest rate method, less any impairment allowance.

For current and non-current trade receivables, the Company applies the simplified approach under IFRS 9, using a lifetime expected credit loss model. In this process, the probability of default of trade receivables is assessed and multiplied by the expected loss amount to estimate the lifetime expected credit loss.

Allowances for such losses are maintained in a separate account and are included in the statement of comprehensive income under cost of sales. When trade receivables are confirmed to be uncollectible, their gross carrying amount is written off against the allowance.

For related party receivables and loans provided to related parties, impairment allowances are recognized based on the expected credit loss model.

The methodology for determining the allowance is based on whether there has been a significant increase in credit risk since initial recognition.

For assets with no significant increase in credit risk, a 12-month expected credit loss is recognized together with gross interest income. For assets with a significant increase in credit risk, a lifetime expected credit loss is recognized together with gross interest income.

For financial assets considered to be credit-impaired, a lifetime expected credit loss is recognized together with interest income calculated on a net basis.

Financial assets measured at amortized cost presented in the statement of financial position include trade and other receivables, loans provided to related parties, and cash and cash equivalents.

Cash and cash equivalents include cash in hand and short-term deposits with banks.

Financial Liabilities

The Company's financial liabilities include borrowings and loans and trade and other payables. Financial liabilities are categorized and disclosed in Notes 10 and 11.

Borrowings and loans are initially recognized at fair value, net of transaction costs. After initial recognition, they are measured at amortized cost, and the difference between the initial amount and the repayment amount is recognized over the term of the borrowing using the effective interest method.

Interest expenses and other costs related to borrowings are expensed as incurred, except for borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset, which are capitalized as part of the cost of that asset.

Trade and other payables are initially recognized at fair value and subsequently measured at amortized cost.

6.7. Equity

Capital instruments issued by the Company are recorded at their nominal value. Share capital represents the nominal value of the shares issued. The revaluation reserve includes the gains and losses arising from the revaluation of property, plant, and equipment. Dividends are recognized as a liability in the period in which they are declared.

The basis for calculating dividends is defined by the Decision No. 1748-N of the Government of the Republic of Armenia dated October 12, 2023, and the calculation procedure is approved by the Decision No. 47-L of the Ministry of Finance of the Republic of Armenia dated February 27, 2024.

6.8. Short-term Employee Benefits

Short-term employee benefits include salaries, short-term compensated absences (such as paid annual leave and paid sick leave), and bonuses.

Provisions, Contingent Liabilities, and Contingent Assets Recognition

A provision is recognized when:

- a) The organization has a present obligation (legal or constructive) as a result of past events;
- b) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c) The amount of the obligation can be reliably estimated.

Contingent liabilities and contingent assets are not recognized.

Measurement

The amount recognized as a provision represents the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate(s) used should reflect current market assessments of the time value of money and the risks specific to the liability. The discount rate should not reflect risks for which future cash flow estimates have already been adjusted.

A provision is used only for expenditures for which the provision was originally recognized.

6.9. Revenue

The Company's revenue arises from the sale of electricity and natural gas, provision of capacity, as well as exchanges of electricity and gas.

Performance Obligations and Timing of Revenue Recognition

The majority of the Company's revenue is generated from the sale of electricity, and revenue is recognized at the point when control is transferred to the customer. Control transfer mainly occurs when the electricity is delivered to the customer. At that point, the Company no longer retains control over the delivered electricity and generally obtains the right to payment.

Determination of the Transaction Price

The Company's revenues are derived from fixed-price contracts; thus, the amount of revenue from each contract is determined based on the fixed prices stipulated in those contracts.

Allocation of the Transaction Price to Performance Obligations

For most contracts, a fixed price is set for each unit of goods or services.

Practical Expedients Applied

The Company has applied the following practical expedients:

- Not accounting for the financial component if the time between the transfer of goods and receipt of payment is one year or less, and
- Immediately expensing contract acquisition costs if the amortization period of the asset, otherwise recognized, would be one year or less.

Goods Exchange

If goods are exchanged for goods or services of the same nature and value, such exchange is not considered a revenue-generating transaction.

If goods are exchanged for goods or services of a different nature or value, the exchange is recognized as a revenue-generating transaction. In this case, revenue is measured at the fair value of the goods received, adjusted for any cash or cash equivalents transferred. If the fair value of the goods received cannot be reliably measured, revenue is measured at the fair value of the goods given up, adjusted for any cash or cash equivalents transferred.

6.10. Effects of Changes in Foreign Exchange Rates

The Company's functional currency is the Armenian dram (AMD).

A foreign currency transaction is initially recorded in the functional currency by applying the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

The spot exchange rate is considered to be the average exchange rate formed in the currency market.

Foreign Currency	31.12.2024	31.12.2023
1 US Dollar	396.56 AMD	404.79 AMD
1 Euro	413.89 AMD	447.90 AMD
1 Japanese Yen	25.14 AMD	28.57 AMD

At the end of each reporting period:

- (a) monetary items denominated in foreign currency are retranslated using the closing exchange rate,
- (b) non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and
- (c) non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

- *Recognition of Exchange Differences*

Exchange differences arising from the settlement of monetary items or from the retranslation of monetary items at rates different from those at which they were initially recorded during the period, or in previous financial statements, are recognized in profit or loss in the period in which they arise.

6.11. Income Tax

Income tax for the reporting year related to profit or loss consists of current tax and deferred tax.

Current tax is the amount of income tax payable (or refundable) in respect of the taxable profit for a given period. Current tax is recognized as income or expense and is included in the net profit or loss for the period.

The Company's deferred taxes (deferred tax liabilities and deferred tax assets) arise from temporary differences (taxable and deductible temporary differences) and from the carryforward of unused tax losses.

Deferred taxes resulting from temporary differences are calculated using the balance sheet method, based on the temporary differences between the carrying amounts of assets and liabilities used in the preparation of the financial statements and their tax bases used for taxation purposes.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

6.12. Errors

The Company corrects material prior period errors retrospectively (except when it is impracticable to determine the effects of the error for a specific period or the cumulative effects of the error) in the first set of financial statements approved for issue after their discovery by:

- a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities, and equity for the earliest prior period presented.

6.13. Changes in Accounting Estimates

The effect of a change in an accounting estimate, except as outlined below, is recognized prospectively by including it in profit or loss:

- a) in the period of the change, if the change affects only that period; or
- b) in the period of the change and future periods, if the change affects both.

To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, or relates to an item of equity, it is recognized by adjusting the carrying amount of the related asset, liability, or equity item in the period of the change.

In cases where it is difficult to distinguish a change in accounting policy from a change in accounting estimate, the change is treated as a change in an accounting estimate.

6.14. Changes in Accounting Policies

The Company changes its accounting policies only if the change results in the financial statements providing more reliable and more relevant information about the effects of transactions, other events, and conditions on the Company's financial position, financial performance, and cash flows.

If the Company applies a new accounting policy retrospectively, it adjusts the comparative information for prior periods accordingly. When it is impracticable for the Company to apply the new accounting policy retrospectively to all prior periods due to the inability to determine the cumulative effect, the Company applies the new policy prospectively from the earliest practicable date.

7. Property, Plant, and Equipment

	Buildings, Constructions, Structures	Land Plots	Transmission Equipment	Thermal Power Plants and Equipment	Vehicles	Construction in Progress	Production Assets and Other PPE	Total
of January 1, 2023	24,577,671	5,388,333	18,547,132	144,781,557	309,587	1,680,339	1,745,591	197,030,210
Adjustments	-	-	-	8,139	-	-	497	8,636
Impairment	(5,189)	-	-	(1,032,976)	-	-	-	(1,038,164)
of December 31, 2023.	24,572,482	5,388,333	18,547,132	143,756,720	309,587	1,680,339	1,746,088	196,000,682
Adjustments	-	-	60,894	8,046,379	12,417	-	12,558	8,132,248
Impairment	-	-	(22,123)	(112,254)	-	-	(179)	(134,556)
of December 31, 2024.	24,572,482	5,388,333	18,585,903	151,690,845	322,004	1,680,339	1,758,467	203,998,373
of January 1, 2023.	8,003,788	2,327,435	8,927,712	67,889,771	200,016	1,680,339	849,160	89,878,221
Adjustments	644,781	-	406,427	3,780,015	11,115	-	31,870	4,874,208
Impairment	(2,082)	-	-	(2,793)	-	-	-	(4,875)
of December 31, 2023.	8,646,487	2,327,435	9,334,139	71,666,993	211,131	1,680,339	881,030	94,747,554
Adjustments	644,556	-	407,002	3,752,651	11,342	-	34,085	4,849,636
Impairment	-	-	-	-	-	-	(13)	(13)
of December 31, 2024.	9,291,043	2,327,435	9,741,141	75,419,644	222,473	1,680,339	915,102	99,597,177
Opening Amount								
of January 1, 20233	16,573,883	3,060,898	9,619,421	76,891,786	109,571	-	896,431	107,151,990
December 31, 2023..	15,925,995	3,060,898	9,212,993	72,089,727	98,456	-	865,058	101,253,128
December 31, 2024..	15,281,439	3,060,898	8,844,762	76,271,201	99,531	-	843,365	104,401,196

Since 2010, the Company has been operating a new thermal power plant with a nominal capacity of 205 MW and heat output of 103 Gcal/h.

In 2020, the combined cycle gas turbine unit of the plant was modernized, achieving the following specifications:

- ✓ Installed (rated) electric capacity of the power plant: 233.6 MW
- ✓ Nominal capacity under ISO conditions: 250.6 MW
- ✓ Thermal capacity of the power plant: 434.9 GJ/h

As of December 31, 2024, the carrying amount of this thermal power plant, including associated buildings and structures, amounts to 91,122,137 thousand AMD (compared to 87,522,284 thousand AMD as of December 31, 2023).

Since 2018, the 220/110/35 kV substation has been in operation, with a carrying amount of 7,057,720 thousand AMD as of December 31, 2024 (compared to 7,422,375 thousand AMD as of December 31, 2023).

Included in the fixed assets is the old thermal power plant, whose carrying/revalued amount, including associated buildings and structures, was 3,160,441 thousand AMD as of December 31, 2024 (compared to 3,247,571 thousand AMD as of December 31, 2023).

Under the decision No. 612-A of the Prime Minister of Armenia dated May 25, 2020, the Company has initiated the disposal process of unused and unserviceable assets from the old power plant.

Restrictions on Fixed Assets

In order to secure bank loans and borrowings, the Company pledged fixed assets amounting to 24,460,187 thousand AMD as of December 31, 2024 (compared to 25,390,078 thousand AMD as of December 31, 2023).

Fair Value Measurement – Revaluation of Fixed Assets

The Company's land plots and substations are measured at revalued amounts, representing the fair value as of the revaluation date, less subsequent accumulated depreciation and impairment losses.

The latest valuation of the Company's land plots and substation was carried out as of December 31, 2017 by "Artin Enterprise" LLC, an independent valuator from the Company. The valuator and its experts possess appropriate qualifications (CIPS, CCIM, NAR) and are members of international valuation organizations, particularly RVU (Russia).

The fair value of land plots was determined using the Market Comparison Method, reflecting recent comparable land sales transactions.

The fair value of buildings, particularly the new substation constructed in 2010 and still used in the Company's ordinary activities, was determined using the Cost Approach, which reflects the cost to acquire or construct a similar asset with similar utility and age, adjusted for depreciation. Depreciation includes physical, functional (technological), and economic obsolescence in addition to wear over time.

The fair value of equipment intended for continued use, particularly equipment installed in the new thermal power plant, was assessed based on the market value of similar assets, adjusted for depreciation.

The fair value of buildings and equipment planned for dismantling or disposal, particularly assets related to the old thermal power plant built in 1963, was assessed based on the market value of recoverable materials, net of dismantling and disposal costs.

Due to their unique nature, the fair value measurements of the revalued land plots, buildings, and equipment are classified as Level 3 in the fair value hierarchy.

Old Thermal Power Plant, as of December 31, 2024

Thousand dram

Groups of Property, Plant, and Equipment	Initial Cost	Accumulated Depreciation, Impairment Losses	Carrying Amount
Buildings, Constructions, Structures	5,693,685	(5,056,146)	637,539
Transmission Equipment	1,353,449	(404,447)	949,002
Thermal Power Plants and Equipment	2,364,493	(893,286)	1,471,207
Vehicles	194,426	(94,926)	99,500
Production Assets and Other PPE	52,138	(48,945)	3,193
Construction in Progress	1,521,275	(1,521,275)	0
	11,179,466	(8,019,025)	3,160,441
Land Plots	2,569,978	-	2,569,978
	13,749,444	(8,019,025)	5,730,419

New Thermal Power Plant, as of December 31, 2024

Thousand dram

Groups of Property, Plant, and Equipment	Initial Cost	Accumulated Depreciation, Impairment Losses	Carrying Amount
Buildings, Constructions, Structures	18,890,587	(4,246,687)	14,643,900
Transmission Equipment	1,045,858	(207,763)	838,095
Thermal Power Plants and Equipment	100,589,795	(25,789,801)	74,799,994
Vehicles	4,976	(4,945)	31
Production Assets and Other PPE	1,393,599	(553,482)	840,117
	121,924,815	(30,802,678)	91,122,137
New Thermal Power Plant	9,281,356	(2,223,636)	7,057,720
Land Plots	490,920	-	490,920
	131,697,091	(33,026,314)	98,670,777

Fully Depreciated Property, Plant, and Equipment

As of December 31, 2024, the Company's property, plant, and equipment includes fully depreciated assets amounting to AMD 12,117,881 thousand (as of December 31, 2023 — AMD 6,646,983 thousand).

The depreciation expense has been allocated as follows:

Thousand dram

	2024	2023
Allocated to cost of sales (Note 17)	4,554,710	4,582,519
Administrative expenses (Note 19)	205,820	202,336
Other operating expenses (Note 20)	89,106	89,428
	4,849,636	4,874,283

8. Deferred Tax Assets

Thousand dram

	31.12.2024	31.12.2023
Beginning Balance	819,215	915,653
Recognized in Profit or Loss	1,043,406	(96,438)
Ending Balance	1,862,621	819,215

Deferred tax assets and liabilities have been recognized to the extent of tax losses and temporary differences that the Company's management expects to be recoverable.

Deferred taxes for the year ended December 31, 2024, are grouped as follows:

	01.01.2024	Recognized in profit or loss	Recognized in equity	31.12.2024
<i>Deferred Tax Assets</i>				
Non-current financial assets	2,057,580	-	-	2,057,580
Trade and other receivables	72,862	-	-	72,862
Provision for employee benefits	10,485	(956)	-	9,528
Tax loss	-	1,178,193	-	1,178,193
	<u>2,140,927</u>	<u>1,177,237</u>	<u>-</u>	<u>3,318,164</u>
<i>Deferred Tax liabilities</i>				
Property, Plant, and Equipment	(1,321,712)	(133,831)	-	(1,187,881)
	<u>(1,321,712)</u>	<u>(133,831)</u>	<u>-</u>	<u>(1,187,881)</u>
<i>Net result-Deferred Tax Assets</i>	<u>819,215</u>	<u>1,043,406</u>	<u>-</u>	<u>1,862,621</u>

Deferred taxes for the year ended December 31, 2023, are grouped as follows:

	01.01.2023	Recognized in profit or loss	Recognized in equity	31.12.2023
<i>Deferred Tax Assets</i>				
Non-current financial assets	2,057,580	-	-	2,057,580
Trade and other receivables	72,862	-	-	72,862
Provision for employee benefits	11,889	(1,404)	-	10,485
	<u>2,142,331</u>	<u>(1,404)</u>	<u>-</u>	<u>2,140,927</u>
<i>Deferred Tax liabilities</i>				
Property, Plant, and Equipment	(1,226,678)	(95,034)	-	(1,321,712)
	<u>(1,226,678)</u>	<u>(95,034)</u>	<u>-</u>	<u>(1,312,847)</u>
<i>Net result-Deferred Tax Assets</i>	<u>915,653</u>	<u>(96,438)</u>	<u>-</u>	<u>819,215</u>

9. Inventories

Thousand dram

	31.12.2024	31.12.2023
Spare parts	6,758,947	6,755,837
Materials	702,580	710,208
Construction materials	81,262	82,449
Fuel	2,393	4,638
Other	111,753	92,409
	<u>7,656,935</u>	<u>7,645,541</u>

10. Trade and Other Receivables

Thousand dram

	31.12.2024	31.12.2023
Trade receivables	8,500,949	6,338,617
Provision for impairment of receivables (c)	(404,575)	(404,575)
Total financial assets measured at amortized cost, excluding cash and cash equivalents	8,096,374	5,934,042
Advances paid	2,557	2,753,388
Provision for doubtful advances	(214)	(214)
Net advances paid	2,343	2,753,174
Receivables from the state budget	1,590,528	1,074,390
Other receivables	53,643	100,635
Total	9,742,888	9,862,242

a) The fair value of trade and other receivables classified at amortized cost does not differ significantly from their carrying amount.

b) The Company's trade receivables are not secured by collateral or other guarantees.

c) As of December 31, 2024, the lifetime expected credit loss amount for trade receivables of AMD 404,575 thousand (as of December 31, 2023: AMD 404,575 thousand) was equal to the carrying amount of the receivables. As of the reporting date, these overdue receivables relate to "Artsakh Energo" CJSC. According to management's assessment, the main indication of impairment for these receivables is that it is unlikely the customer will repay the amounts within a reasonable timeframe. Receivables are considered overdue if not paid within 30 days past the due date. As of the previous year-end, the overdue receivables had still not been settled. The impaired receivables have been outstanding for more than one year.

11. Bank deposits

Thousand dram

	31.12.2024	31.12.2023
Bank deposits in AMD	7,240,000	13,700,000
Provision for possible loss	-	(88,783)
	<u>7,240,000</u>	<u>13,611,217</u>

The bank deposits have a maturity of up to 12 months and bear interest rates ranging from 9.75% to 10.5%. The deposits are placed with large and financially stable banks in Armenia.

12. Cash and Cash Equivalents

Thousand dram

	31.12.2024	31.12.2023
Bank accounts - in AMD	93,252	739,015
Bank accounts - in foreign currency	279,117	31,899
	<u>372,369</u>	<u>770,914</u>

13. Equity

Share capital

During the reporting year, the number of the Company's shares amounted to 12,202,701 (in the previous year: 12,202,701), and the price per share was set at AMD 2,861.745 as of December 31, 2024 (in 2023: AMD 1,035.00).

Paid-in-capital

The paid-in-capital has arisen from reductions in the share price in previous years, as well as from the increase in share price during 2024.

The share price was changed on August 9, 2018, when the price per share was set at 815 AMD, according to the RA Government Decision No. 884-A regarding the reduction of the Company's share capital (previously, the price per share had been set at 4,586 AMD). Subsequently, the share price was changed again on December 27, 2023, when the price per share was set at 1,035.00 AMD, according to the RA Government Decision No. 1851-N on increasing the Company's charter capital.

During 2024, the Company's charter capital was replenished three times in accordance with the RA Government Decisions No. 8-A dated January 4, 2024, No. 668-N dated May 8, 2024, and No. 1435-N dated September 5, 2024.

The latest change in the share price was registered on December 30, 2024, setting it at 2,861.745 AMD per share.

Reserve Capital

According to the Law of the Republic of Armenia "On Joint-Stock Companies" and the Company's Charter, the Company's distributable profit is limited to the balance of retained earnings.

In accordance with the Armenian legislation, the Company has established a reserve out of its accumulated profits, which amounts to 15% of the approved share capital as of 2023.

Revaluation Reserve

The revaluation reserve has arisen as a result of the revaluation of property, plant, and equipment.

14. Bank loans

Thousand dram

	Current portion		Non Current portion	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Loans – Measured at amortized cost	2,402,391	2,742,056	59,406,820	67,979,631
	<u>2,402,391</u>	<u>2,742,056</u>	<u>59,406,820</u>	<u>67,979,631</u>

a) The fair value of loans and borrowings classified as financial liabilities measured at amortized cost does not significantly differ from their carrying amount.

b) As described in Note 1, on March 29, 2005, a loan agreement was signed between the Government of the Republic of Armenia (RA) and the Japan International Cooperation Agency (JICA) regarding the implementation of the "Yerevan Combined Cycle Gas Turbine (CCGT) Power Plant (Energy Block) Project." Under this agreement, JICA provided the RA Government with an Official Development Assistance (ODA) loan under favorable conditions — an annual interest rate of 0.75%, with a 40-year repayment term (including a 10-year grace period), totaling 26,409,000 million Japanese yen.

In March 2005 and June 2016, sub-loan agreements were signed between the Company and the Ministry of Finance under the same terms and conditions.

The loans received from the RA Ministry of Finance are secured by promissory notes issued by the Ministry of Finance.

More detailed information regarding the Company's exposure to interest rate and foreign currency risks is presented in Note 21.

14.1 Movement of Loans

Thousand AMD

Loans	31.12.2023	during 2024				31.12.2024
		Provision	Accrual of interest	Exchange rate difference	Repayment	
Secured loan from the Ministry of Finance.						
"Yerevan Combined Cycle Gas Turbine Power Plant (Energy Block) Project (JICA, ARM-P2)"	53,279,243	-	361,070	(6,236,780)	(2,701,376)	44,702,157
"Financial Recovery of the Energy Sector" (IBRD 8615-AM)	8,615,295	-	555,229	(178,809)	(562,349)	8,429,366
"Electricity Transmission Network Improvement" (IBRD 8495-AM)	6,805,990	-	438,624	(141,258)	(444,250)	6,659,107
"Electricity Transmission Network Improvement" (IBRD 8495-AM) Co-financing	2,021,159	-	135,177	-	(137,756)	2,018,581
Total	70,721,687	-	1,490,100	(6,556,847)	(3,845,731)	61,809,211

15. Trade and Other Payables

Thousand dram

	31.12.2024	31.12.2023
Trade payables	4,128,481	3,229,449
Taxes and liabilities payable	229,661	150,003
Payables to employees	87,974	78,521
	4,446,116	3,457,973

16. Revenue from contracts with customers

The Company has disaggregated the revenue into categories in order to reflect the nature, amount, timing, and uncertainties of revenue and cash flows.

For the year ended 31 December 2024

Thousand dram

	Electricity sales (a)	Capacity provision (b)	Natural gas sales (c)	Cross-border transaction – Electricity sales (d)	Total
Geographical distribution					
In Armenia	38,361,519	-	21,232,374	-	62,807,269
Abroad	33,213,733	-	-	146,993	33,360,726
	<u>71,575,252</u>	<u>-</u>	<u>21,232,374</u>	<u>146,993</u>	<u>92,954,619</u>
Geographical distribution					
Electricity	71,575,252	-	-	146,993	71,722,245
Natural gas	-	-	21,232,374	-	21,232,374
Capacity provision	-	-	-	-	-
	<u>71,575,252</u>	<u>-</u>	<u>21,232,374</u>	<u>146,993</u>	<u>92,954,619</u>

For the year ended 31 December 2023

Thousand dram

	Electricity sales (a)	Capacity provision (b)	Natural gas sales (c)	Cross-border transaction – Electricity sales (d)	Total
Geographical distribution					
In Armenia	38,357,336	14,414,344	12,441,472	-	34,043,544
Abroad	24,756,283	-	-	300,699	29,309,877
	<u>63,113,619</u>	<u>14,414,344</u>	<u>12,441,472</u>	<u>300,699</u>	<u>90,270,134</u>
Geographical distribution					
Electricity	63,113,619	-	-	300,699	63,414,318
Natural gas	-	-	12,441,472	-	12,441,472
Capacity provision	-	14,414,344	-	-	14,414,344
	<u>63,113,619</u>	<u>14,414,344</u>	<u>12,441,472</u>	<u>300,699</u>	<u>90,270,134</u>

a) Revenue from the sale of electricity is recognized on a monthly basis, based on the actual volume of electricity transferred.

The tariff for the electricity sold by the company is set by the Public Services Regulatory Commission of the Republic of Armenia.

Tariff for the electricity (excluding VAT).

Effective Date	AMD/kWh
01.02.2023-31.07.2023	13,578
01.08.2023-31.12.2023	6,420
01.02.2024-31.07.2024	18,356
01.08.2024-31.12.2024	3,928

b) Revenue from capacity provision is received during the plant's idle time and is recognized on a monthly basis based on the number of idle hours.

The capacity provision tariff (excluding VAT).

Effective Date	AMD/kWh:month
01.02.2023	258.95
01.02.2024	279.21

According to the decision №334-N of the Public Services Regulatory Commission of the Republic of Armenia, dated October 9, 2024, the revenue from capacity provision has been replaced by payments for the provision of secondary and tertiary reserve services. Considering that the provision of these services is not part of the Company's core activities, the income derived from the provision of these services, as well as the associated costs, have been reclassified starting from 2024 as part of operational activities to ensure comparability with future years.

b) Revenue from the sale of natural gas is recognized on a monthly basis, based on the actual volume delivered.

c) According to the agreement, Yerevan TPP (Thermal Power Plant) acquires gas and compensates the supplier with electricity using the applicable conversion factor. At the same time, the Company delivers part of the gas to a third-party organization at the same point, while the remaining part is used for electricity generation. In exchange for the gas received, the third party provides the Company with electricity at another rate, which the Company in turn transfers entirely to the gas supplier. The Company's management has made reasoned judgments to determine whether, in this case, the Company is the Principal or an Agent in accordance with the requirements of IFRS-15. Given that the Company is the primary party responsible for the performance of the contract, the resolution of contractual issues, and the quality and compliance of the supplied products, the management has concluded that the Company is the Principal party in these transactions, and as such, the revenue is recognized on a gross basis.

d) Cross-flow transactions—Electricity Sales

Under the agreement, Yerevan TPP provides electricity to a company that is a party to the contract. The supply of electricity takes place over a specific period, which is dependent on weather conditions. The company, as a party to the contract, compensates Yerevan TPP for the agreed quantity of electricity, as per the terms and conditions of the agreement.

17. Cost of sales

Thousand dram

	31.12.2024	31.12.2023
Cost of Sold Electricity	35,953,369	29,051,798
Materials	19,748,360	21,285,321
Cost of Power Acquisition	-	14,100,800
Cost of Sold Gas	17,297,439	10,526,386
Energy and Gas Transportation Services	6,635,833	5,276,066
Depreciation and Amortization Expenses	4,554,710	4,582,519
Employee Compensation	493,343	527,943
	<u>84,683,054</u>	<u>85,350,833</u>

18. Other income

Thousand dram

	31.12.2024	31.12.2023
Income from Power Provision	109,907	109,354
Income from Secondary and Tertiary Reserve Supply Services	3,213,377	-
Income from Penalties and Fines	24,109	6,893
Income from Compensation for Material Damage	18,988	348
Other Operational Income from Currency Exchange	315	513,951
Subsidy Income	9,503	15,262
Other	129,330	15,536
	<u>3,505,529</u>	<u>661,344</u>

19. Administrative expenses

Thousand dram

	31.12.2024	31.12.2023
Employee Compensation	419,875	382,598
Depreciation and Amortization	210,358	204,051
Non-reimbursable Taxes and Liabilities	160,325	106,924
Telecommunication Expenses	4,894	5,104
Audit and Consulting Expenses	31,657	30,189
Office and Utility Expenses	10,619	12,713
Business Travel and Representation Expenses	8,628	4,202
Banking Expenses	2,959	1,067
Other	18,782	9,723
	<u>868,097</u>	<u>756,571</u>

20. Other expenses

Thousand dram

	31.12.2024	31.12.2023
Depreciation	89,106	89,428
Security Service Expenses	130,197	130,355
Asset Write-off Expenses	-	145,222
Foreign Exchange Expenses	22,809	17,717
Secondary and Tertiary Reserve Service Expenses	15,759,425	-
Other	94,130	265,843
	<u>16,095,667</u>	<u>648,565</u>

21. Financial income and expenses

Thousand dram

	31.12.2024	31.12.2023
<i>Financial income</i>		
Income from bank deposits	875,606	1,450,599
	<u>875,606</u>	<u>1,450,599</u>
<i>Financial expenses</i>		
Interest costs from bank loans	(1,490,100)	(1,622,083)
	<u>(1,490,100)</u>	<u>(1,622,083)</u>
	<u>(614,494)</u>	<u>(171,486)</u>

22. Other Financial Items

Thousand dram

	31.12.2024	31.12.2023
<i>Exchange rate differences, net</i>		
Trade and other receivables	(3,329)	24,069
Loans	6,556,847	2,111,188

Trade and other payables	107,696	(175,164)
Cash and cash equivalents	370	2,235
	<u>6,661,584</u>	<u>1,962,328</u>

23. Income tax

Thousand dram

	31.12.2024	31.12.2023
Current tax	-	697,581
Deferred tax	(1,043,406)	96,438
	<u>(1,043,406)</u>	<u>794,019</u>

Effective Tax Rate Reconciliation

Thousand dram

	2024		2023	
Profit/(loss) before taxation	860,420		5,966,353	
Corporate Income Tax at the Statutory Rate	154,876	18%	1,073,944	18%
Tax Effect of Non-Deductible Expenses/(Non-Taxable Income), Net	(1,198,282)		(279,925)	
Income Tax Expense/(Benefit) and Effective Tax Rate	<u>(1,043,406)</u>		<u>794,019</u>	<u>13%</u>

24. Related parties

The company's 100% of shares are owned by the Government of the Republic of Armenia, therefore all state-owned enterprises are considered connected parties of the company. The company's leader is also considered a connected party of the company.

24.1. Control

The company is controlled by the Government of the Republic of Armenia, through the Ministry of Territorial Administration and Infrastructure of the Republic of Armenia.

24.2. Transactions with related parties

During the reporting year, the following transactions were carried out between the company and its related parties, and the balances as of the reporting date are as follows:

Thousand dram

	2024	2023
<i>Shareholders</i>		
Interest expense recognition	1,490,100	1,462,320
Amortization of accrued interest	1,516,540	1,434,439
Repayment of the principal of the loan	2,329,190	2,424,833
<i>Companies under common control</i>		

Purchase of services	3,666,186	7,157,973
Sale of goods	2,983,598	6,378,053
Purchase of goods	3,745,727	86,965

Thousand dram

	<u>31.12.2024</u>	<u>31.12.2023</u>
Loans from Ministry of Finance RA	61,809,211	70,721,687
Trade and other receivables	141,515	148,974
Trade and other payables	391,361	203,379

24.3. Compensations to key management

Thousand dram

	<u>31.12.2024</u>	<u>31.12.2023</u>
Salaries and other short-term reimbursements	22,984	29,475
	<u>22,984</u>	<u>29,475</u>

25. Financial Instruments risks

The Company activities expose it to a variety of financial risks:

- Debt risk
- fair value interest rate risk, cash flow interest rate risk
- foreign currency risk
- other price risk
- liquidity risk

The Company may be exposed to risks arising from its use of financial instruments as it is typical of all other business activities. This note describes the Company's objectives, policy, risk management processes and their measurement methods. These financial statements present quantitative information on the aforementioned risks.

Significant changes have not been reported in relation to the risks arising from financial instruments, the Company's objectives, policy, risk management processes and their measurement methods.

Financial instruments by categories

Thousand dram

	<u>2024</u>	<u>2023</u>
<i>Financial assets</i>		
Trade receivables	8,149,708	5,934,042
Cash in banks and cash	372,369	770,913
Bank deposits	7,240,000	13,611,217
Total	<u>15,762,077</u>	<u>20,316,172</u>
<i>Financial liabilities</i>		
Loans and borrowings	61,809,211	70,721,687
Trade and other payables	4,128,481	3,229,449
Total	<u>65,937,822</u>	<u>73,951,136</u>

25.1. Market risk

25.1.1. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The management assessed that the fair value of the financial assets and liabilities does not materially differ from their carrying value as at reporting date.

25.2. Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The transactions of the Company are mainly implemented in Armenian drams. Company's exposure to the currency risk relates to the commercial transactions, expressed initially in a Japanese Yen, USD, EURO and GBP.

Below is the Company's exposure to foreign exchange risk.

<i>Thousand dram</i>	31.12.2024				31.12.2023		
	USD	EUR	GBP	JPY	USD	EUR	JPY
<i>Financial assets</i>							
Trade and other receivables	3,221,382	-	-	-	654,925	-	-
Cash and other equalents	-	279,117	-	-	22	31,604	-
Total	3,221,382	279,117	-	-	654,947	31,604	-
<i>Financial liabilities</i>							
Loans	15,088,473	-	-	44,702,157	15,421,285	-	53,279,243
Trade and other payables	2,657	314,987	12,102	-	-	-	-
Total	15,091,130	314,987	12,102	44,702,157	15,421,285	0	53,279,243
Net value	(11,869,748)	(35,870)	(12,102)	(44,702,157)	(14,766,338)	31,604	(53,279,243)

The following table presents the sensitivity of the Company financial results to the increase/decrease of dram against the mentioned currencies by 10%. The 10% is a possible change based on the management's assessment. The sensitivity analysis includes only foreign currency monetary items and at the end of the period adjusts their exchange rate by 10%.

The 10% of inflation of the AMD against the mentioned currencies as of December 31, 2024 will have the following impact:

<i>Thousand dram</i>	Impact of USD		Impact of EUR		Impact of JPY		Impact of GBP	
	2024թ.	2023թ.	2024թ.	2023թ.	2024թ.	2023թ.	2024թ.	2023թ.
Profit or loss	(1,186,874)	(1,476,634)	(3,587)	3,160	(4,470,215)	(5,327,924)	(1,210)	-

25.3. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's management continuously monitors its liquidity to ensure that sufficient cash is available to support operational activities. The Company does not have any derivative financial liabilities.

The following table analyzes the Company's non-derivative financial liabilities, which are grouped based on their maturity from the reporting date.

	Up to 6 months	6-12 months	1-5 years	5 years and over	Total
2024					
Loans	1,314,397	1,087,994	8,703,951	50,702,869	61,809,211
Trade and other payables	4,128,480	-	-	-	4,128,480
	5,442,877	1,087,994	8,703,951	50,702,869	65,937,691
2023					
Loans	1,505,621	1,236,435	9,891,483	58,088,148	70,721,687
Trade and other payables	3,399,725	-	-	-	3,399,725
	4,905,346	1,236,435	9,891,483	58,088,148	74,121,412

25.4. Debt risk

Debt risk is the risk the Company could incur financial losses resulting from the third parties failure to discharge their obligations toward the Company. Debt risk arises from different financial instruments, such as, trade and other receivables, borrowings provided requirements for financial institutions, and other. The maximum impact of debt risk is presented at the following carrying amount of financial assets.

Thousand dram

	31.12.2024	31.12.2023
Trade and other receivables	8,149,708	5,934,042
Bank balances	372,369	770,913
Bank deposits	7,240,000	13,611,217
Total	15,762,077	20,316,172

The information on the aging and uncollectible risk of trade and other receivables are presented in note 10:
The debt risk of cash and cash equivalents is acceptable, as the contractual partners are reputable banks.

26. Contingencies and liabilities

a) Insurance

The insurance system in the Republic of Armenia is in a development phase, as a result of which many types of insurance still do not have widespread application. Until the Company's property and operations are properly insured, there is a risk that the loss or destruction of certain assets could adversely affect its operations and financial position.

b) Legal Proceedings

There have been no claims filed against the Company by government authorities or economic entities that would pose a material threat to its normal operations.

c) Tax Legislation Inconsistencies and Ambiguities

In the Republic of Armenia, the newly formed tax system is characterized by frequently changing legislation, which often lacks clarity and leads to differing interpretations. Taxes are subject to review by the relevant authorized bodies, which are legally entitled to impose sanctions (fines, penalties) on business entities and their officials for violations of the law. Under these circumstances, there is a risk that additional tax liabilities may arise as a result of inspections carried out by the competent authorities.

Although the Company's management believes that any potential additional tax liabilities would not be material and that no provision is required, interpretations by the competent authorities may differ, potentially leading to material impactations.

d) Contingent Liabilities

The Company has not provided guarantees, warranties, or other contingent liabilities to third parties.

e) Environmental Matters

Management believes that the Company complies with the Government's environmental requirements and is confident that it currently has no material environmental liabilities.

However, environmental legislation in Armenia is still evolving, and potential future changes and interpretations may result in significant obligations.

27. Capital management

The Company manages its capital to ensure that it will be able to continue as going concerns.

The capital structure of the Company consists of borrowings (current and non-current liabilities) and equity (comprising issued capital, reserves and retained earnings).

The Company's as capital-managed amounts for the reporting year are summarized below:

Thousand dram

	31.12.2024	31.12.2023
Loans	61,809,211	70,721,687
<i>Less</i>		
cash at bank and on hand	(372,369)	(770,913)
Bank deposits	(7,240,000)	(13,611,217)
Net debt	54,196,842	56,339,557
Total equity	34,921,019	12,629,796
Ratio of Capital and Debt	65,937,822	73,951,136
	64.43%	22.42%

28. Events After the Reporting Period

Since February 2022, Armenia's electricity market has been gradually transitioning from a fully regulated structure to a liberalized market structure, progressively introducing components of a competitive market. These changes aim to ensure the entry of new participants into the electricity market and provide consumers the opportunity to choose their electricity supplier, as well as to promote the cross-border electricity trade.

Within the framework of the efforts to liberalize Armenia's electricity market and promote interstate trade, the phased liberalization of the electricity market began on February 1, 2022, and is expected to be fully completed by February 1, 2030.

As a result, certain power plants, including "Yerevan Thermal Power Plant" CJSC, will no longer have a tariff set by the Public Services Regulatory Commission (PSRC) and will start selling their electricity at prices formed by market demand and supply.

They will become participants in the wholesale market, allowing entities to procure electricity under market conditions.

29. Fair Value measurement disclosures

The following table sets out the assets and liabilities for which fair values are disclosed in the notes:

Item	Fair value thousand dram	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Loans	61,809,211	<u>Current</u> The carrying amount of borrowings approximates its fair values	Level 3	N/A
Trade receivables	8,149,708	<u>Current</u> The carrying amount of short term (less than 12 months) trade receivables approximates its fair values	Level 3	N/A
Trade payables	4,128,481	<u>Current</u> The carrying amount of short term (less than 12 months) trade payables approximates its fair values	Level 3	N/A