Financial Statements and INDEPENDENT AUDITOR'S REPORT

YEREVAN THERMAL POWER CENTRE CJSC

31 December 2022

Contents

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INDEPENDENT AUDITOR'S REPORT

To the owners and the Board of the "Yerevan Thermal Power Centre" CJSC

Qualified Opinion

We have audited the financial statements of "Yerevan Thermal Power Centre" CJSC ("Company"), which comprise the statement of financial position as at 31 December 2022, 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 matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Company as of 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of Qualified Opinion

In 2022, a partial inventory of assets and liabilities was conducted in the company. However, inventory lists of property, plant, and equipment (PPE), inventories, and a comparative statement of inventory results were not submitted.

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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled out other ethical requirements in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other matter

The financial statements of the Company for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on April 28, 2022.

Responsibilities of the management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as 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 or to cease operation, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is high level of assurance, but is not a guaranty that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

We communicate with 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.

April 07, 2023

"For A Consulting" CJSC

Anik Martirosyan

Director-Partner/Auditor

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The Board

ArturYeritsyan	RA Ministry of Territorial Administration and Infrastructures general secretary, chairman of the board
Aram Khachatryan	Head of the Legal Department of the RA Ministry of Territorial Administration and Infrastructure, member of the Council
Armen Meliq-Israelyan	Head of the State Share Management Department of the State Property Management Committee of the State Property Management Committee of the Republic of Armenia, member of the Council
Natalya Sarjanyan	Head of the Corporate and Public Relations Department of Electric Networks of Armeniaե CJSC, member of the board
Vostanik Maruxyan	Nuclear safety trainingregional training center head, professor, board member
Arsen Grigoryan	General director of "Yerevan Thermoelectric Center" CJSC, member of the board

YEREVAN THERMAL POWER CENTRE CJSC
Statement of Financial Position
For the year ended 31 December 2022

	Note	31.12.2022	31.12.2021
		Thousand drams	*Thousand drams*
Assets			
Non-current assets			
Property, plant and equipment	4	107,151,990	112,103,445
Intangible assets		3,799	5,572
Deferred tax assets	5	915,653	1,434,811
		108,071,442	**113,543,828**
Current assets			
Inventories	6	6,717,161	6,683,868
Trade and other receivables	7	6,690,321	3,478,531
Bank deposit	9	16,829,720	13,202,186
Cash and cash equivalents	8	157,334	174,134
		30,394,536	**23,538,719**
TOTAL ASSETS		**138,465,978**	**137,082,547**
EQUITY AND LIABILITIES			
Equity			
Share capital	10.1	9,945,202	1,855,841
Share premium	10.2	11,264,865	11,264,865
Revaluation reserve	10.4	3,293,020	4,180,999
Accumulated profit/ loss		26,658,393	(9,006,944)
		51,161,480	**8,294,761**
Non-current liabilities			
Loans and borrowings	11	72,410,880	100,345,796
		72,410,880	**100,345,796**
Current liabilities			
Loans and borrowings	11	2,818,947	9,410,198
Grants related to income		55,038	55,038
Trade and other payables	12	11,037,175	18,976,754
Current income tax liability	19	982,458	-
		14,893,618	**28,441,990**
TOTAL EQUITY AND LIABILITIES		**138,465,978**	**137,082,547**

The financial statements were approved and signed on behalf of the Company management on April 7, 2023. The accompanying notes form an integral part of the financial statements.

General Director	*Arsen Grigoryan*
Head of accounting service	*Garri Akhoyan*
Expert accountant HGGH 3 22 0727	*Lianna Ohanyan*

YEREVAN THERMAL POWER CENTRE CJSC
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022	2021
		Thousand drams	*Thousand drams*
Revenue	13	63,353,421	40,746,897
Cost of sales	14	(56,249,249)	(42,530,065)
Gross profit		***7,104,172***	***(1,783,168)***
Other income	16.1	2,042,399	81,232
Administrative expenses	15	(823,784)	(724,546)
Other expenses	16.2	(258,834)	(669,536)
Results from operating activities		***8,063,953***	***(3,096,018)***
Financial income	17	1,745,095	1,794,991
Financial costs	17	(1,486,324)	(971,632)
Foreign currency exchange gain/(loss), net	18	27,980,278	20,436,138
Gain from disposal of non-current assets, net		-	688
Profit before income tax		***36,303,002***	***18,164,167***
Income tax (expense)/ reimbursement	19	(1,501,616)	403,644
Profit for the year		***34,801,386***	***18,567,811***
Other comprehensive income for the year		-	-
Total comprehensive result for the year		*34,801,386*	*18,567,811*

The financial statements were approved and signed on behalf of the Company management on April 7, 2023. The accompanying notes form an integral part of the financial statements.

General Director — *Arsen Grigoryan*
Head of accounting service — *Garri Akhoyan*
Expert accountant HGGH 3 22 0727 — *Lianna Ohanyan*

YEREVAN THERMAL POWER CENTRE CJSC
Statement of Changes in Equity
For the year ended 31 December 2022

Thousand drams	Share capital	Share premium	Revaluation reserve	Accumulated *Profit*/Loss	Total
Balance as of January 1, 2021	*1,852,615*	*11,264,865*	*5,068,978*	*(28,462,734)*	*(10,276,276)*
Profit for the year	-	-	-	18,567,811	18,567,811
Transfer from revaluation reserve	-	-	(887,979)	887,979	-
Increase of shares nominal value	3,226	-	-	-	3,226
Balance as of December 31, 2021	1,855,841	11,264,865	4,180,999	*(9,006,944)*	*8,294,761*
Profit for the year	-	-	-	34,801,386	34,801,386
Transfer from revaluation reserve	-	-	(887,979)	887,979	-
Correcting essential errors from previous years			-	(24,028)	(24,028)
Increase of shares nominal value	8,089,361	-	-	-	8,089,361
Balance as of December 31, 2022	9,945,202	11,264,865	3,293,020	*26,658,393*	*51,161,480*

The financial statements were approved and signed on behalf of the Company management on April 7, 2023. The accompanying notes form an integral part of the financial statements.

General Director *Arsen Grigoryan*

Head of accounting service *Garri Akhoyan*

Expert accountant HGGH 3 22 0727 *L. Ohanyan*

YEREVAN THERMAL POWER CENTRE CJSC
Statement of cash flows
For the year ended 31 December 2022

	2022	2021
	Thousand drams	Thousand drams
Cash flows from operating activities		
Cash received from sales	29,289,596	19,691,641
Cash paid to suppliers	(28,992,403)	(10,732,446)
Cash paid to employees	(625,893)	(594,702)
Taxes paid	(1,801,984)	(3,230,013)
Other received	6,856	22,575
Profit tax	(4,797)	(4,360)
Net cash flows from operating activities	*(2,128,625)*	*5,152,695*
Cash flows from investing activities		
Investment of deposits	(25,249,473)	(22,125,871)
Repayment of deposits	21,599,473	19,941,871
Interest income on deposits	1,697,137	1,826,229
Payments for fixed and intangible assets	(1,380)	(45,229)
From equity issuance	8,093,489	
Net cash flows from investing activities	*6,139,246*	*(403,000)*
Cash flows from financing activities		
Proceeds from loans and borrowings		302,228
Repayment of loans and borrowings	(3,051,922)	(4,017,008)
Interest paid	(970,373)	(991,133)
Net cash flows from financing activities	*(4,022,295)*	*(4,705,913)*
Total net cash flows	*(11,674)*	*43,782*
Exchange difference on cash	(5,126)	(4,400)
Cash at the beginning of the year	*174,134*	*134,752*
Cash at the end of the year	*157,334*	*174,134*

The financial statements were approved and signed on behalf of the Company management on April 7, 2023. The accompanying notes form an integral part of the financial statements.

General Director — *Arsen Grigoryan*
Head of accounting service — *Garri Akhoyan*
Expert accountant HGGH 3 22 0727 — *L. Ohanyan*

Contents

1. General Information

1.1. The Company

"Yerevan TPC" enterprise was established in 1963. In 1997 "Yerevan Thermal Power Centre" state closed joint-stock company (the "Company") was founded.

The Company's main activities include:

- production and sale of electrical and thermal energy;
- Import and export of natural gas and electricity.

The Company's activities, including tariff policy are regulated by the Public Services Regulatory Commission of the Republic of Armenia.

First one of the seven turbine installations of Yerevan TPP with 50MW capacity was commissioned in 1963, while the last one in 1967.
Being commissioned more than 40 years ago the units and auxiliary equipment of the power plant have undergone a regular tear and wear and became obsolescent by exhausting their normative operating resource, which naturally resulted in significant dropping of the operation reliability and the efficiency of generation of the electrical and heat energy by the power plant.

Ministry of Energy and Natural Resources of the Republic of Armenia and the Company commenced the reconstruction program of Yerevan TPC by constructing a new state-of-the-art combined cycle power unit with natural gas firing. The loan agreement on implementation of "Yerevan Combined Cycle Co-generation Power Plant Project" was signed on March 29, 2005 between the Government of the Republic of Armenia (RA) and Japan International Cooperation Agency (JICA)). Based on the said agreement the JICA provided loan to the Government of the RA with preferential terms by extending 26,409 million Japanese Yens. Construction of the new plant started in 2006 and was completed in 2010; the new plant has been put in use in April 2010.

The average number of employees of the Company during 2022 was 182 employees (2021: 183 employees).
The change of Charter of the Company has been registered in state register on September 08, 2006, registration number is 269.070.00255, and certificate number is 01 A 004948.
Registration address of the Company is 3 Building, Arin-Berdi St. 3rd Lane, Yerevan, 0053, RA.
Tax payer code is 02205028.

1.2 Share Capital

Republic of Armenia is the sole Shareholder in reporting and prior years.
Share capital of the Company as at 31.12.2022 was 9,945,202 thousand drams (as at 31.12.2021: 1,855,841 thousand drams). Share capital of the Company consists of 12,202,701 pieces of nominal registered shares with nominal value of 815 drams. (as at 31.12.2021: 2,277,105 pieces with nominal value of 815 drams).

1.3 Bussiness environment

The company operates in Armenia. Consequently, the company's activities are influenced by the economy and financial markets of Armenia, which are characterized by the peculiarities of the developing market. Legal, tax and legislative systems continue to develop, but are subject to various interpretations and frequent changes, which, along with other legal and financial obstacles, creates additional difficulties for organizations operating in Armenia. The financial statements reflect the company's assessment of the impact of the business environment on the company's operations and financial position. The future business environment may differ from management's assessment.

The wide geographical spread of a new type of coronavirus (COVID-19) has had a significant impact on the Armenian economy. The further duration and impact of the epidemic, as well as the effectiveness of measures to overcome the problem, remain uncertain at the moment.

The political field of the Republic of Armenia is characterized as unstable, in particular, after the war unleashed by Azerbaijan on September 27, 2020 against the Republic of Artsakh. The essential prerequisites of political and economic crises, in turn, lead to a decrease in the general mood of investors and an increase in uncertainty and fluctuations in financial markets.

As part of the efforts to liberalize the Armenian electricity market and stimulate interstate trade, a phased liberalization of the Armenian electricity market has been launched since February 1, 2022 and it is planned to fully liberalize it by February 1, 2025. As a result, some power generating stations, including Yerevan Thermal Power Centre CJSC, will not have a tariff formed by the PSRC (ՀԾԿՀ), and will start selling their electricity at a price formed as a result of supply and demand in the market.

Such an operating environment has a significant impact on the company's operations and financial position. The necessary measures are being taken to ensure the stability of the company's operations, however, based on the unpredictability of events, management is not able to give a reliable assessment of what impact such circumstances will have on the financial position of the company in the coming years.

2. Basis ofpreparation

2.1 Basis of preparation and presentation of Financial Statements

These financial statements have been prepared and presented in accordance with International Financial Reporting Standards (hereinafter – IFRSs). IFRSs are Standards and Interpretations issued by the International Accounting Standards Board (IASB). They comprise:

- International Financial Reporting Standards;
- International Accounting Standards;
- International Financial Reporting Interpretations Committee (IFRIC) Interpretations; and
- Standing Interpretations Committee (SIC) Interpretations.

The principal accounting policies applied in the preparation of these financial statements are set in note 3. These policies have been consistently applied for all periods presented, unless otherwise set forth herein.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Company management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.4.

2.2 Adoption of new and revised standards

In the current year the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the "IASB") and International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2022. The nature and the effect of these changes are disclosed below.

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

New standards and amendments described below and applied for the first time in 2022 did not have a material impact on the annual financial statements of the Company:

Standard	Title of Standard or Interpretation
IFRS 3	*References to the conceptual framework(Amendments to IFRS 3)*
IAS 16	*Proceeds before intended use(Amendments to IAS 16)*
IAS 37	*Onerous contracts – costs of fulfilling a contract(Amendments to IAS 37)*
IFRS 1, IFRS 9, IAS 41, IFRS 16	*Annual improvements to IFRS Standards 2018-2021 cycle(Amendments to IFRS 1, IFRS 9, IAS 41, IFRS 16)*

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning on or after the effective date of the pronouncement.

Management does not anticipate a material impact on the Company's financial statements from these Standards and Amendments. They are presented below:

Standard	Title of Standard or Interpretation	Effective for reporting periods beginning on or after
IFRS 17	*Amendments to IFRS 17 Insurance Contracts including theExtension of the Temporary Exemption from Applying IRFS 9 (Amendments to IFRS 4)*	*1 January 2023*
IFRS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)*	*1 January 2023*
IFRS 17	*Initial application of IFRS 17 and IFRS 9 – Comparative information (Amendment to IFRS 17)*	*1 January 2023*
IAS 8	*Definition of Accounting Estimates (Amendments to IAS 8)*	*1 January 2023*
IAS 1	*Disclosure of Accounting Policies (Amendments to IAS 1 andPractice Statement 2)*	*1 January 2023*
IAS 1	*Classification of Liabilities as Current or Non-current(Amendments to IAS 1)*	*1 January 2024*
IAS 16	*Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)*	*1 January 2024*
IAS 1	*Non-current Liabilities with Covenants (Amendments to IAS 1)*	*1 January 2024*

3. Summary of Accounting Policies

3.1 Functional and presentation currency

The national currency of the Republic of Armenia is the Armenian Dram ("AMD"), which is the currency in which the Company's financial statements are presented. All financial information presented in AMD has been rounded to the nearest thousand.

3.2 Basis for measurement

The financial statements are prepared on the historical cost basis, except the following items:

- PPE measured at revaluated amounts (note 4).

3.3 Going concern

After making assessments, the Company's management has a reasonable expectation that the Company is able to continue its operational existence in the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

3.4 Use of judgments, estimates and assumptions

Management has made a number of judgments, estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRSs. Actual results may differ from those estimates.

3.4.1Judgments having significant impact on the application of accounting policy

The following are the significant judgments made by the Company's management for applying the Company's accounting policies that have material impact on the amounts recognized in the financial statements:

a) Revenue recognition - Principal or agent? (note13.g)

3.4.2 Estimates and assumptions having significant impact on the application of accounting policy

The following are the significant estimates and assumptions made by the Company's management for applying the Company's accounting policies that have material impact on the amounts recognized in the financial statements:

a) Fair value measurement- Note 22.d and 25

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

The fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)

- Level 2: Observable direct or indirect inputs other than Level 1 inputs

- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

b) Useful lives of property, plant and equipment –Notes 4.f

Useful lives of the property, plant and equipment has been estimated based on its best estimate of the economic lives of the assets as well as its intentions to continue exploitation of the those assets. Management believes that estimated useful lives of the property, plant and equipment are not materially different from economical lives of those assets. If actual useful lives of property, plant and equipment are different from estimatesand financial statements may be materially different.

c) Impairment of trade receivables and other financial assets – Note 7

The Company regularly reviews its financial assets to access impairment. As of 31 December 2022, the carrying amount of the Company's impaired receivables was 404,575 thousand drams (31 December 2021: 440,202 thousand drams), and carrying amount of other financial assets 214 thousand drams.
The Company Management uses judgment to estimate the amount of any impairment loss in cases where a customer or a borrower are in financial difficulties estimating the changes of future cash flows. If the actual recoverability of receivables and other financial assets varies from the estimated, the carrying amounts of those assets may be different.

3.5 Foreign currency transactions

Transactions entered into by Company in a currency other than the functional currency, AMD, are recorded at the rates ruling when the transactions occur. Settlement rate established by the Central Bank of the Republic of Armenia is taken as a currency.

Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

3.6 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent 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 such that the carrying amounts do not differ materially from those that would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such property, plant and equipment is recognized in other comprehensive income (except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged) and is shown as revaluation reserve in shareholder's equity. A decrease in the carrying amount arising on the revaluation of such property, plant and equipment is charged to profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

The revaluation surplus is transferred to the accumulated profit as the asset is used by the Company. The amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated profit.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss.Cost includes directly attributable expenditures, site preparation, installation and assembly costs, professional fees and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Expenditure to replace a component of an item of property, plant and equipment that is accounted for separately is capitalized with the carrying amount of the component being written off. Other subsequent expenditure is capitalized if future economic benefits will arise from the expenditure. All other expenditure, including repair and maintenance, is recognized in profit or loss as incurred.

3.7 Intangible assets

Intangible assets, which are acquired by the Company and which have finite useful lives, are stated at cost less accumulated amortization and impairment losses.

3.8 Inventories

Costs comprise charges incurred in bringing inventory to its present location and condition.
The cost of inventories of items that are ordinarily interchangeable shall be assigned by using the weighted average principle.
The cost of inventories of items that are not ordinarily interchangeable, particularly the cost of cars, shall be assigned by using specific identification of their individual costs.
Inventories are valued at the lower of cost or net realizable value.
Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.9 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a part to the contractual provisions of the financial instrument.
Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred to third parties.
Financial assets are derecognized when they are extinguished, discharged, cancelled or expire.

Financial assets

The Company's financial assets are financial assets measured at amortized cost. These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortized cost in statement of financial position include trade and other receivables, loans to related parties, as well as cash and cash equivalents. Cash and cash equivalents include cash and demand deposits in banks.

Financial liabilities

The Company's financial liabilities include loans and borrowings as well as trade and other payables. The Company's financial liabilities by categories are disclosed in Note 20.

Loans and borrowings are initially recognized at fair value, less transaction costs.Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any difference between cost and redemption value recognized in profit or loss over the period of the borrowings on an effective interest basis. Interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance expenses, except for the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which are capitalized as part of that asset.

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

3.10 Impairment

At each reporting date, property and equipment, and intangibles assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.11 Equity

Equity instruments issued by the Company are stated at nominal value. Share capital represents the nominal value of shares that have been issued.

Revaluation reserve comprises gains and losses from the revaluation of property, plant and equipment. Dividends are recognized as a liability in the period in which they are declared.

3.13 Short-term employee benefits

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

3.14 Related Party Disclosures

The Company is a government-related entity since it is controlled by the Republic of Armenia, the sole shareholder of the Company. The Company applies IAS 24 Related Parties, exclusion of a standard for disclosing information on transactions with government-related parties. Therefore, the financial statements disclose the effect of a transaction with the related parties:

a) the nature and amount of each significant separately-held transaction

b) quantitative and qualitative information on remaining transactions, their size, which are significant together, but not separate.

The company reveals key management personnel:

• benefits: short-term or post-employment,
• termination benefits,
• share-based payments.

3.15 Revenuerecognition

Revenue of the Company derives from sale of electricity, natural gas and provision of capacity, as well as exchange of electricity and gas.

Performance obligation and timing of revenue recognition

The majority of the company's revenue arises from the sale of electricity, the revenue earned on which is recognized at the moment when the control is transferred to the customer. The control transfer is mainly carried out when the electricity is delivered to the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment and retains none of the significant risks and rewards of the goods in question.

Determining the transaction price

Company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations

For most of the contracts, the unit price is fixed for each item.

Practical Exemptions

The Company has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of goods (or services) to its customer is one year or less; and

- expense the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised would have been one year or less.

Exchange of goods

When goods are exchanged or swapped for goods which are of a similar nature and value, the exchange is not regarded as a transaction which generates revenue.

When goods are sold in exchange for dissimilar goods, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods received cannot be measured reliably, the revenue is measured at the fair value of the goods given up, adjusted by the amount of any cash or cash equivalents transferred.When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

3.16 Income tax

Income tax on current year profit or loss consists of current tax and deferred tax.

Current tax is the amount of income taxes payable/(refundable) in respect of the taxable profit/(loss) for a period. Current tax is recognized in the net profit or loss of the period.

Deferred taxes (deferred tax liabilities and deferred tax assets) of the Company are conditioned by carry-forward of temporary differences (taxable and deductible temporary differences), and carry-forward of unused tax losses.

Deferred taxes arising as a result of temporary differences are calculated using balance sheet liability method, based on the temporary differences between the carrying amounts of assets and liabilities used for preparation of financial statements, and amounts used for taxation purposes (tax base).

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 difference can be utilized.

4. Property,plantandequipment

Thousand drams	Buildings and constructions	Land	Transmission devices	Power plants, equipment	Vehicles	Capital construction-in-process	Fixture and fittings, other PPE	Total
As at January 1, 2021	24,602,293	5,388,333	18,494,483	144,769,412	312,273	1,680,339	1,722,268	196,969,401
Additions	-	-	40,022	15,779	4,291	-	22,210	82,302
Deductions	(5,608)	-	(6,609)	(2,950)	(10,000)	-	-	(25,167)
Reclassification	(19,014)	-	19,014	(3,023)	3,023	-	-	-
As at December 31, 2021	24,577,671	5,388,333	18,546,910	144,779,218	309,587	1,680,339	1,744,478	197,026,536
Additions	-	-	4,305	2,339	-	-	1,113	7,757
Deductions	-	-	(4,083)	-	-	-	-	(4,083)
Reclassification	-	-	-	-	-	-	-	-
As at December 31, 2022	24,577,671	5,388,333	18,547,132	144,781,557	309,587	1,680,339	1,745,591	197,030,210
As at January 1, 2021	6,704,144	2,327,435	8,026,501	59,930,436	177,739	1,680,339	778,881	79,625,475
Additions	660,366	-	500,524	4,102,223	14,011	-	37,976	5,315,100
Deductions	(5,607)	-	(5,126)	(879)	(5,872)	-	-	(17,484)
Reclassification		-		(3,023)	3,023	-	-	-
As at December 31, 2021	7,358,903	2,327,435	8,521,899	64,028,757	188,901	1,680,339	816,857	84,923,091
Additions	644,885	-	406,410	3,861,014	11,115	-	32,303	4,955,727
Deductions	-	-	(597)	-	-	-	-	(597)
Reclassification	-	-	-	-	-	-	-	-
As at December 31, 2022	8,003,788	2,327,435	8,927,712	67,889,771	200,016	1,680,339	849,160	89,878,221
Balance value								
As at January 1, 2021	17,898,149	3,060,898	10,467,982	84,838,976	134,534		943,387	117,343,926
As at December 31, 2021	17,218,768	3,060,898	10,025,011	80,750,461	120,686	-	927,621	112,103,445
As at December 31, 2022	16,573,883	3,060,898	9,619,421	76,891,786	109,571	-	896,431	107,151,990

a) PPE additions consist

	AMD'000
Purchased from suppliers	3,452
Reclassification fromstocks	4,305
	7,757

b) Power plants

As described in note 1, the new power plant unit with 205MW nominal capacity and 103GCal/h heat export capacity is exploited at the Company since year 2010 (Not. 1).

In 2020, the combined steam-gas cycle power unit was upgraded, providing the following characteristics:

- ✓ Installed electric capacity of the power plant: 233.6 MW,
- ✓ Nominal power 250.6 MW in ISO conditions,
- ✓ Thermal capacity of the power plant: 434.9 GJ/h.

The carrying amount of the unit, including its buildings and constructions as of December 31, 2022 is 92,956,192 thousand AMD (December 31, 2021: 97,446,166 thousand AMD) (point d.2).

The 220/110/35 kV substation has been in operation since 2018, with the carrying value of 7,793,491 thousand AMD as of December 31, 2022AMD (December 31, 2021: 8,163,770 thousand AMD) (point d.2).

Included in the property, plant and equipment is the old power plant at the carrying/revaluated amount of 3,341,408 thousand AMD as of December 31, 2022 (December 31, 2021 3,432,611 thousand AMD) (point d.1).

Exploitation of this power plant has been suspended since exploitation of the new plant, and the latter has been held as a reserve capacity;as well as observes it's disposal.

Participating in the decision No. 612-A of the RA Prime Minister of May 25, 2020, the company initiated the process of expropriation of the unused and unsuitable property of the old power plant.

c) Limitations on PPE

Property, plant and equipment in amount of 18,532,939 thousand drams are pledged as a security for loans and borrowings as of December 31, 2022 (as at December 31, 2021: 19,098,174 thousand AMD).

d) Fair value Measurement-Revaluation of PPE

The Company's land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The fair value measurement of the Company's land and plant as at 31 December 2017 was performed by "Artin Enterprise" LTD, an independent valuer not related to the Company. The firm and its valuers have related qualifications (CIPS, CCIM, NAR) and are member of international valuers associations such as RVU (Russia).

The fair value of the land was determined based on the market comparable approach that reflects the recent transaction prices for similar properties.

The fair value of buildings, such as those related to the new power plant build in year 2010, that will be continued to be used for ordinary activities of the Company was determined using the cost approach that reflects the cost to a market participant to acquire or construct assets of comparable utility and age, adjusted for obsolescence. Obsolesce encompasses physical deterioration, functional (technological) obsolescence and economic obsolescence.

The fair value of equipment that will be continued to be used, such as those installed at new power plant, was determined using the market value of identical asset adjusted for obsolescence.
The fair value of buildings and equipment that will be disposed or dismantled, such as those related to the old power plant build in year 1963, was determined based on market value of disposed property or any valuable dismantled materials, less cost of dismantling and selling.

Due to their unique nature, the fair value of revalued land, building and equipment are classified into Level 3 of the fair value hierarchy as at reporting date.

e.1) Old power plant as of 31.12.2022

Thousand AMD

Class of PPE	Historical revalued cost	Accumulated depreciation, impairment loss	Carrying amount
Buildings and constructions	5,698,874	(4,912,684)	786,190
Transmission devices	1,353,449	(396,002)	957,447
Machinery and equipment	2,367,357	(892,966)	1,474,391
Vehicles	182,009	(72,473)	109,536
Fixture and fittings, other PPE	101,154	(87,310)	13,844
Capital construction-in-process	1,521,275	(1,521,275)	-
	11,224,118	**(7,882,710)**	**3,341,408**
Land	2,569,978	-	2,569,978
	13,794,096	***(7,882,710)***	***5,911,386***

e.2) New power plant as of 31.12.2022

Thousand AMD

Class of PPE	Historical revalued cost	Accumulated depreciation, impairment loss	Carrying amount
Buildings and constructions	18,890,587	(3,102,847)	15,787,740
Transmission devices	1,014,074	(145,408)	868,666
Machinery and equipment	93,677,645	(18,260,249)	75,417,396
Vehicles	4,976	(4,942)	34
Fixture and fittings, other PPE	1,331,529	(449,172)	882,357
	114,918,811	**(21,962,618)**	**92,956,193**
New power plant	9,274,549	(1,481,057)	7,793,492
Land	490,920	-	490,920
	124,684,280	***(23,443,675)***	***101,240,604***

f) PPE at zero carrying amount

The cost of an item of property, plant and equipment with carrying value of zeroAMD as of December 31, 2022 is 6,617,627 thousand drams (December 31, 2021: 6,219,699 thousand drams).

g) PPE depreciation

Depreciation is charged to profit or loss on a straight line basis over the estimated useful lives of the individual assets. Calculation of depreciation commences when assets are available for use. The estimated useful lives are as follows:

Buildings and constructions	- 20-40 years
Power plants	- 40 years
Transmission devices	- 5-40 years
Machinery and equipment	- 5-40 years
Vehicles	- 5 years
Fixture and fittings	- 5-40 years
Other	- 2-10 years.

Depreciation expense has been charged as follows:

	2022	2021
Cost of sales (note 14)	4,663,489	4,686,562
Administrative expenses (note 15)	202,659	205,579
Other expenses (note 16)	89,579	422,959
	4,955,727	**5,315,100**

5. Deferred tax assets

	31.12.2022	31.12.2021
Opening balance	*1,434,811*	*1,031,167*
Recognized in profit or loss	(519,158)	403,644
Recognized in equity	-	-
Closing balance	*915,653*	*1,434,811*

Deferred tax assets have been recognized for tax losses and temporary differences to the extent that the Company management expects they are recoverable.

Deferred income taxes for the year ended December 31, 2022 can be summarized as follows:

	January 1, 2022	Recognized in profit or loss	Recognized in equity	December 31, 2022
Deferred tax assets				
Non-current financial assets	2,057,580	-	-	2,057,580
Trade and other receivables	79,237	(6,375)	-	72,862
Tax loss	439,278	(439,278)	-	-
Provision on employee benefits	9,936	1,953	-	11,889
	2,586,031	*(443,700)*	-	*2,142,331*
Deferred tax liabilities				
Property, plant and equipment	(1,151,220)	(75,458)	-	(1,226,678)
	(1,151,220)	*(75,458)*	-	*(1,226,678)*
Net provision – deferred tax assets	*1,434,811*	*(518,518)*	-	*915,653*

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

	January 1, 2021	Recognized in profit or loss	Recognized in equity	December 31, 2021
Deferred tax assets				
Non-current Financial assets	2,057,580	-	-	2,057,580
Trade and other receivables	79,237	-	-	79,237
Tax loss	-	439,278	-	439,278
Provision on employee benefits	7,053	2,883	-	9,936
	2,143,870	*442,161*	-	*2,586,031*
Deferred tax liabilities				
Property, plant and equipment	(1,112,703)	(38,517)	-	(1,151,220)
	(1,112,703)	*(38,517)*	-	*(1,151,220)*
Net position – deferred tax assets	*1,031,167*	*403,644*	-	*1,434,811*

6. Inventories

Thousand drams	31.12.2022	31.12.2021
Spare parts	5,707,413	5,664,655
Materials	838,066	849,642
Construction materials	82,299	82,853
Other	89,383	86,718
	6,717,161	**6,683,868**

7. Trade and other receivables

Thousand drams	31.12.2022	31.12.2021
Trade receivables	5,659,230	1,854,850
Allowances for doubtful trade receivables(c)	(404,575)	(440,202)
Total financial assets other than cash and cash equivalents at amortized cost	*5,254,655*	*1,414,648*
Provided prepayments	2,734	2,707
Allowances for doubtful trade payables	(214)	(214)
Net provided prepayments	*2,520*	*2,493*
On taxes	390,804	710,982
Deferred taxes on VAT	926,270	1,280,799
Other	116,072	69,609
	6,690,321	**3,478,531**

a) The fair value of trade and other receivables classified as loans and receivables does not differ materially from the carrying amount.

b) The Company's receivables are not ensured with collateral and other guarantees.

c) As at 31 December, 2022 trade receivables amounting to 404,575 thousand drams (440,202 thousand drams as of December 31, 2021) are past due and fully impaired. At the reporting date, past due receivables refer to "ArtsakhEnergo" CJSC. The main factor that the management considers these past due amounts impaired is that these consumers are unlikely to be able to repay those debts over a certain period of time. In case of default within 30 days, the receivables are considered to be past due. At the end of the previous year, balances of past due debts have not been settled. The maturity of impaired receivables is more than one year.

8. Cash

Thousand drams	31.12.2022	31.12.2021
Bank balances (AMD)	156,518	148,865
Bank balances (foreign currency)	378	25,222
Cash on desk (AMD)	438	47
	157,334	174,134

9. Bank deposits

The main conditions of bank deposits are presented below

Thousand drams	Currency	%	Repayment period	**31.12.2022**	**31.12.2021**
Bank deposit in RA bank	AMD	*10.5%-12%*	2022	-	13,284,000
Bank deposit in RA bank	AMD	9.3%-10.5%	2023	16,934,000	-
				(104,280)	(81,814)
				16,829,720	*13,202,186*

Bank deposits are invested in large and financially stable banks of Armenia.

10. Equity

10.1 Share capital

In the reporting year the number of shares of the Company consists of 12,202,701 pieces of nominal registered shares with nominal value of 815 drams. (as at 31.12.2021: 2,277,105 pieces with nominal value of 815 drams).

10.2 emission capital

Issue income was generated as a result of reductions in the price of one share in previous years.

The last time the share price changed was on 09.08.2018, the price of one share was set at AMD 815, in accordance with the RA Government's decision No. 884-A on the reduction of the Company's share capital.Before that, the price of one share of the Company was set at 4,586 AMD.

10.3 Capital reserve

In accordance with the law "On joint stock companies" and the Company's Charter the Company'sdistributable reserves are limited to the balance of retained earnings.

According to legal requirements the Company is required to create a reserve from its retained earnings for an amount equal to 15% of its share capital.

As at December 31, 2022 the Company has retained earnings, which will be used to supplement the reserve capital.

10.4 Revaluationreserve

The revaluation reserve arises on the revaluation of property, plant and equipment (4.d note).

11. Loans and borrowings

Thousand drams	Current (a)		Non-current (b)	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Secured loan from the Ministry of Finance (b)	2,818,947	4,816,947	72,410,880	100,345,796
Other borrowings (c)	-	4,593,490	-	-
	2,818,947	9,410,198	72,410,880	100,345,796

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

b) As described in note 1, loan agreement on implementation of "Yerevan Combined Cycle Co-generation Power Plant Project" was signed on March 29, 2005 between the Government of the Republic of Armenia and Japan International Cooperation Agency (JICA). Based on the said agreement JICA provided an Official Development Assistance (ODA) loan to the Government of the Republic of Armenia with preferential terms: annual interest rate of 0.75% and 40 years of repayment period (including grace period of 10 years) by extending 26,409,000 thousand Japanese Yens. A sub loan agreement was concluded between the Ministry of Finance and the Company in March 2005 and June 2016 with the same terms.

Loans received by the RA Ministry of Finance have been provided by the Ministry of Finance with promissory notes.

c) Interest free borrowing from Vorotan HPPS, from which 4,593,490 thousand drams have been transferred to the Company based on the assignment agreement.

Refer to note 21 for more information about the Company's exposure to interest rate and foreign currency risks.

11.1 Movement of loans and borrowings

Loans	As at 31.12.2021	During 31.12.2022				As at 31.12.2022
		Providing	Interest accrued	Exchange rate difference	Redemption	
Loan provided by the Ministry of Finance						
Yerevan Combined Cycle Co-generation Power Plant Project (JICA, ARM-P2)»	84,998,779	-	496,400	(23,655,653)	(3,584,125)	58,255,401
Power Sector Financial Recovery Program (IBRD 8615-AM)	10,170,982	-	259,717	(1,857,298)	(216,878)	8,356,523
Power Transmission Improvement Project (IBRD 8495-AM) (IBRD 8495-AM)	7,986,442	-	205,073	(1,418,620)	(171,332)	6,601,563
Power Transmission Improvement Project (IBRD 8495-AM) Co-financing	2,006,301	-	60,000	-	(49,961)	2,016,340
	105,162,504	-	*1,021,190*	*(26,931,571)*	*(4,022,296)*	*75,229,827*
Borrowings						
Vorotan HPPS	4,593,490	-	-	-	(4,593,490)	-
	4,593,490	-	-	-	-	-
Total	**109,755,994**	-	**1,021,190**	**(26,931,571)**	**(8,615,786)**	**75,229,827**

12. Trade and other payables

	2022	2021
Trade payables	10,898,921	15,358,056
Other trade payables	-	3,500,000
Taxes and duties payable	35,829	43,597
Payables to employees	102,425	75,101
	11,037,175	**18,976,754**

The fair value of trade and other payables classified as financial liabilities at amortized cost does not significantly differ from the carrying amount.

2022, guided by the RA President's Decree No. NH-342-N dated 25.11.2022 and entered into force on 29.11.2022 "On the sale and purchase of shares of the closed joint-stock company "ArmRusgazprom" between the Government of the Republic of Armenia and the Government of the Russian Federation and the terms of further operation" of December 2013 2 f the protocol on making changes to the agreement (hereinafter referred as the Protocol) recasting the accumulated creditor obligations of "Gazprom Armenia" CJSC and "Gazprom Armenia" CJSC "Transgaz" LLC from previous years from AMD to US dollars. In accordance with the requirements of the Protocol, as of 15.12.2022, the fee for delaying the repayment of the debts due to the debt incurred until 01.01.2021 was calculated and paid to "Gazprom Armenia" PB and "Gazprom Armenia" CJSC "Transgaz" SP Companies.

13. Revenue from contracts with customers

The Company has disaggregated revenue into various categories in the following table which is intended to depict the nature, amount, timing and uncertainty of revenue.

The year ended 31.12.2022

Thousand drams	Sale of electricity (a)	Provision of capacity (b)	Sale of natural gas (c)	Exchange transaction, sale of electricity (d)	**Total**
Geographical range					
RA territory	26,485,800	1,032,087	6,525,657	-	34,043,544
Abroad	29,153,426	-	-	156,451	29,309,877
	55,639,226	**1,032,087**	**6,525,657**	**156,451**	**63,353,421**
Product range					
Electricity	55,639,226			156,451	55,795,677
Gas	-	-	6,525,657	-	6,525,657
Provision of capacity	-	1,032,087	-	-	1,032,087
	55,639,226	**1,032,087**	**6,525,657**	**156,451**	**63,353,421**

The year ended 31.12.2021

	Sale of electricity (a)	Provision of capacity (b)	Sale of natural gas (c)	Exchange transaction, sale of electricity (d)	Total
Geographical range					
RA territory	3,241,730	11,361,286	3,401,235	-	18,004,251
Abroad	22,657,662	-	-	84,984	22,742,646
	25,899,392	**11,361,286**	**3,401,235**	**84,984**	**40,746,897**
Product range					
Electricity	25,899,392	-	-	84,984	25,984,376
Gas	-	-	3,401,235	-	3,401,235
Provision of capacity	-	11,361,286	-	-	11,361,286
	25,899,392	11,361,286	3,401,235	84,984	40,746,897

a) Revenue from sale of electricity and gas is recognized monthly based on the actual electricity transferred.

Tariffs on the Company sale service of the electricity are set by Public Services Regulator Commission of the Republic of Armenia.

Electricity tariff (without VAT).

Application date	AMD/KWh
01.02.2020	16.144
01.02.2021	1.88
01.02.2022-31.07.2022	20,794
01.08.2022-31.12.2022	18,097

b) Revenue from provision of capacity is earned for the idle time of the plant and is recognized on monthly basis, based on idle hours.
Provision of capacity tariff (without VAT).

Application date	AMD/KWh-month
01.02.2020	4,604.67
01.02.2021	4,418.18

c) Revenue from the sale of natural gas is recognized monthly based on the actual transferred amount.

According to the contract, the Company purchases gas in exchange for electricity with agreedvolume coefficient.
At the same time, the company supplies part of gas received at the same point to third party, and uses remaining volume for production of electricity. The third party supplies electricity to the Company at the same point based on agreed another coefficient, which in turn the Company wholly transfers to the Gas Supplier.
The Company's management has made substantiated judgments to determine whether the Company is a principal or an agent in regard to these circumstances in terms of IFRS requirements. Taking into account that the Company is basically responsible for contract performance, the settlement of the contractual issues and the quality and adequacy of the supplied goods, the Company management has considered that the Company is a principal party within the scope of the transactions, so the revenue has been recognized on a gross basis.

d)Exchange transaction: Sale of electricity

Under the agreement, Yerevan TPC supplies electricity to a contracting party. Electricity supply is carried out for a certain period of time, which is conditioned by weather.
The Contractor Company, in accordance with the agreed procedure and extent, reimbursed Yerevan TPC with the corresponding volume of electricity.

14 Cost of sales

	Thousand drams	
	2022	2021
Cost of gas and other materials used in production	29,427,544	30,232,444
Cost of sold gas	5,106,427	3,323,184
Cost of sold electricity	12,074,712	517,236
Depreciation expenses	4,663,489	5,035,853
Power and gas transmission services	4,504,158	2,941,854
Employee remuneration	472,919	479,494
	56,249,249	**42,530,065**

15 Administrative expenses

	Thousand drams	
	2022	2021
Employee remuneration	384,798	339,198
Depreciation and amortization expenseof fixed assets	202,659	205,579
Depreciation and amortization expenseof intangible assets	2,502	2,488
Non refundable taxes and duties	154,841	107,455
Audit and consulting	34,552	36,947
Office and utility expenses	11,820	13,772
Business trips and hospitality costs	11,011	4,969
Bank charges	1,317	997
Other	20,284	13,141
	823,784	**724,546**

16 Other income and expenses

16.1 Other income

	Thousand drams 2022	2021
Income from the provision of services	70,954	54,278
Income from Reversal of Accounts Receivable Provision	35,627	-
Fines and penalties	1,442	377
Income from compensation for material damage	5,421	24,762
Other operating income Currency conversion	1,928,848	-
Asset-related income		897
Subsidy income	-	173
Other	107	745
	2,042,399	**81,232**

16.2 Other costs

	Thousand drams 2022	2021
Depreciation	89,579	422,959
Costs of security	130,355	130,355
Provision for possible loss of invested deposits	22,465	81,814
Provision for possible profit tax	-	7,779
Valuer's fee	-	7,250
Currency conversion costs	963	2,661
Fixed asset revaluation costs	-	1,247
Fines and penalties	3,956	112
Other	11,516	15,359
	258,834	**669,536**

17 Finance income and costs

	Thousand drams 2022	2021
Interest income on deposits in trade banks	1,745,095	1,794,991
Interest expenses on loan from the Ministry of Finance	(1,021,190)	(971,632)
Interest expenses on bank loans	(465,134)	-
	258,771	**823,359**

18 Foreign currency exchange gain/(loss), net

	Thousand drams 2022	2021
Regarding to receivables	(22,996)	(707,879)
Regarding to loans	26,931,571	20,169,567
Regarding amounts to be paid	1,076,829	978,879
Regarding to cash	(5,126)	(4,429)
	27,980,278	**20,436,138**

19 Profit tax

A 18% profit tax rate is applied on the Company's taxable profit in accordance with the Law "On profit tax" of the Republic of Armenia (2021 - 18%).

Thousand drams

	2022	2021
Profit tax expense	982,458	-
Profit tax reimbursement	519,158	(403,644)
	1,501,616	**(403,644)**

Reconciliation of effectivetaxrate isasfollows:

	2022		2021	
	AMD'000	%	AMD'000	%
Gain/(loss) before taxation	**36,303,000**		**18,164,167**	
Profit tax on defined rate	6,534,540	18	3,269,550	18
Tax consequence of other non-deductible expenses/(non-taxable income), net	(5,032,924)	14	(3,673,194)	(20)
Income tax expense/(reimbursement) and effective tax rate	**1,501,616**	**4**	**(403,644)**	**(2)**

20 Related party transactions

The Government of the Republic of Armenia owns 100% of the Company's shares, hence all state owned enterprises are considered related to the Company. The Company's related parties include also key management.

20.1 Control

The company is controlled by the Government of the Republic of Armenia represented by the Ministry of Energy and Natural Resources.

20.2 Transactions with related parties

The following transactions between the related parties of the Company were made during the reporting year:

	Year ended 31, December, 2022	Year ended 31, December, 2022
Shareholders		
Accrual of interest expense	1,021,190	971,632
Redemption of interest accrued	970,373	991,133
Redemption of principal amount of borrowings	-	302,228
Repayment of the principal amount of the loan	7,645,412	4,017,008
Organizations under common control		
Acquisition of services	2,398,083	699,400
Acquisition of goods	-	165
Investment of fixed assets	-	3,226
Sale of fixed assets	-	4,953
Repayment of borrowings received	3,500,000	-

	As of 31 December, 2022	As of 31 December, 2021
Loans and borrowings from Ministry of Finance of RA	75,229,827	105,162,505
Trade payables	171,069	83,776
Other borrowings	-	4,593,490
Other payables	-	3,500,000
Trade receivables	-	4,128

20.3 Compensations to key management

During reporting period, the compensations to key management of the Company are the following:

Thousand drams

		2022		2021
Salaries and other short-term reimbursements		27,478		24,643
		27,478		**24,643**

21 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.

(a) Primary financial instruments

The main financial instruments of the Company, from which financial instruments risk arises, are as follows:

• Trade receivables:
• Cash and cash equivalents:
• Trade and other payables.
• Loans and borrowings

(b) Financial instruments by categories

The balances presented in the financial statements relate to the following groups of assets and liabilities:

Financial assets

	Note	2022	2021
Measured at amortized cost			
Trade receivables	7	5,254,655	1,414,649
Cash in banks	8	157,334	174,087
Bank deposits	9	16,829,720	13,202,186
Total		22,241,709	14,790,922

Financial liabilities

	Note	2022	2021
Financial liabilities measured at amortized cost Loans and borrowings	11	75,229,827	109,755,994
Trade and other payables	12	10,898,921	15,358,056
Total		**86,128,748**	**125,114,050**

(c) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, loans and borrowings, trade and other payables.

Carrying amount of cash and cash equivalents, trade receivables, loans and borrowings, trade and other payables equals their fair value as a result of their short-term nature.

Common goals, policy and processes

The goal of the company is to establish a policy that will reduce the risk as much as possible, not focusing on its competitiveness and flexibility. Details of this policy are presented below.

21.1 Market risk

21.1.1. 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 different from their carrying value as at reporting date.

21.2 Credit risk

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

	As of 31 December 2022	As of 31 December 2021
Trade and other receivables	5,254,655	1,414,649
Bank balances	156,896	174,087
Bank deposites	16,829,720	13,202,186
	22,241,271	**14,790,922**

Trade receivables of the Company are mainly the receivables amounts from "Electric Networks of Armenia" CJSC. The credit risk is acceptable for these trade receivables.
The information on the aging and uncollectible risk oftrade and other receivables are presented in note 7.

The credit risk of cash and cash equivalents is acceptable, as the contractual partners are reputable banks.

21.3 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 and EURO.

As of 31 December 2022 the Company's foreign currency assets/(liabilities) are as follows

Articles in foreign currency	USD	EUR	JPY	Total
Financial assets				
Cash and cash equivalents	58	87	-	145
Trade and other receivables	18	-	-	18
	76	87	-	163
Financial liabilities				
Loans and borrowings	(14,958,086)	-	(58,255,401)	(73,213,487)
Trade payables	(291,194)	-	-	(291,194)
	(15,249,280)	-	(58,255,401)	(73,504,681)
Net result	(15,249,204)	87	(58,255,401)	(73,504,518)

As of 31 December 2021 the Company's foreign currency assets/(liabilities) are as follows:

Articles in foreign currency	USD	EUR	JPY	Total
Financial assets				
Cash and cash equivalents	13,789	11,150	-	24,939
Trade and other receivables	22	-	-	22
	13,811	11,150	1	24,961
Financial liabilities				
Loans and borrowings	(18,157,423)	-	(84,998,780)	(103,156,203)
Trade payables	(3,801,487)	-	-	(3,801,487)
	(21,958,910)	-	(84,998,780)	(106,957,690)
Net result	(21,945,099)	11,150	(84,998,780)	(106,932,729)

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 5% of inflation of the AMD against the mentioned currencies as of December 31, 2022 will have the following impact:

	Impactof USD	ImpactofEuro	ImpactofYen	Total
	Thousand dram	Thousand dram	Thousand dram	Thousand dram
Gain/ (Loss)	(1,524,920)	9	(5,825,540)	(7,350,451)

The effect of the currency fluctuation is variable during the year depending on foreign currency turnover volume. So above presented analysis is considered to be as a reflection of the company's exposure to foreign exchange risk.

The following interest rates to USD, Yen, Euro are established by the RA Central Bankas of December 31.

	31.12.2022	31.12.2021	AMD Appreciation/ (inflation)
	AMD	AMD	
USD rate is	393.57	480.14	18.037%
EUR rate is	420.06	542.61	22.49%
Yen rate is	29.85	41.7	28.42%

21.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.
The Company managementconstantly monitors liquidity of the Company to ensure enough cash balances for operational activity.
The Company does not have derivative financial liabilities. The following table analysis the Company non-derivative financial liabilities into relevant maturity groupings based on the remaining periods at the reporting date to the contractual maturity date.

Non-derivative financial liabilities	Maturity Periods			
	Up to 6 months	6-12 months	1-5 years	5 and over
On procurements	10,898,921	-	-	-
Borrowings and loans	1,527,117	1,291,830	12,918,30	42,630,403
Total	12,426,038	1,291,830	12,918,304	42,630,403

22. Contingencies and liabilities

22.1 Insurance

The Company does not have coverage for business interruption and third party liability arising from accidents on Company's property or relating to Company's operations.

22.2 Contingent liabilities and provisions

As at December 31, 2022 and date of signing these financial statements there are no litigations initiated against the Company.

22.3 Environmental matters

Management isof theopinion that theCompanyhasmettheGovernment'srequirements concerning environmentalmatters and, therefore, believesthat theCompanydoesnot have any current material environmentalliabilities.

However, environmentallegislation in Armeniais in processofdevelopment andpotential changesin thelegislation and itsinterpretationmaygiverise to material liabilitiesin thefuture.

23. 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 drams

	AsofDecember 31, 2022	AsofDecember 31, 2021
Borrowings	75,229,827	109,755,994
Less: cash at bank and on hand	(157,334)	(174,134)
Bank deposits	(16,829,720)	(13,202,186)
Netdebt	**58,242,773**	**96,379,674**
Totalequity	**9,945,201**	**1,855,841**
Ratio of Capital and Debt	**17.08%**	**1.93%**

24. Events the reporting date

Russian-Ukranian conflict

On February 4, 2022, Russia began military operations in Ukraine. To counter Russia, the European Union and the United States of America, as wel as other countries of the world, apply economic and political sanctions against Russia, as a result of which the Russian economy has faced significant problems. Currently, the course of hostilities, the impact of sanctions and the scale of consequences are unpredictable. Given Russia's political and economic influence on Armenia, as well as the fact that the country is a member of the Eurasian Economic Union with Russia's participation, its position may indirectly affect Armenia's financial and economic stability.
Given the unpredictability of these circumstances and their impact, it is difficult for the Company to assess the impact of recent events on the Company's future performance, financial condition and liquidity.

Liberalisation of the energy market

Since February 2022, the Armenian electricity market has been gradually moving from a fully regulated structure to a liberalized market structure, gradually introducing components of a competitive market.
These changes are aimed at ensuring access of new participants to the electricity market and providing consumers with the opportunity to choose an electricity supplier, as well as stimulating electricity trade with other countries.
As part of the efforts to liberalize the Armenian electricity market and stimulate interstate trade, a phased liberalization of the Armenian electricity market has been launched since February 1, 2022 and it is planned to fully liberalize it by February 1, 2025.
As a result, some power generating stations, including Yerevan Thermal Power Centre CJSC, will not have the tariff formed by the PSRC, and will start selling their clectricity at the price formed as a result of supply and demand in the market: They will become participants in the wholesale market, as a result of which the subjects will purchase electricity in market conditions.

25. 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** AMD'000	**Valuation technique**	**Fair value hierarchy level**	**Significant unobservable inputs**
Loans and Borrowings	75,229,827	*Current* The carrying amount of borrowings approximates its fair values	Level 3	N/A
Trade receivables	5,254,655	*Current* The carrying amount of short term (less than 12 months) trade receivables approximates its fair values	Level 3	N/A
Trade payables	10,898,921	*Current* The carrying amount of short term (less than 12 months) trade payables approximates its fair values	Level 3	N/A