non-official translation

PROGRAM PROSPECTUS

Electric Networks of Armenia CJSC
Official name of the Issuer

closed joint-stock company
Organizational form

Yerevan, Armenia
Phone: (+374 10) 65 -00 86
Email: office@ena.am
Website: www.ena.am

Ameriabank CJSC
Lead Arranger's name

closed joint-stock company
Organizational form

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Phone: (+37410) 56 11 11, Fax: (+37410) 51 31 33
Email: info@ameriabank.am
Website: www.ameriabank.am

REGISTRATION OF THE PROGRAM PROSPECTUS BY CBA DOES NOT WARRANT SECURITY OF INVESTMENT, ACCURACY AND AUTHENTICITY OF PRESENTED INFORMATION

Type of securities	registered, coupon bonds
Form of securities	book entry
Quantity of securities	subject to the issue size and the face value
Face value of the securities	face value: AMD 100,000 (one hundred thousand), USD 100 (one hundred)
Value of the securities' issue	80 (eighty) million in dollar terms
Coupon	to be determined by the Issuer at least 5 (five) business days prior to the placement start date
Tenor	to be determined by the Issuer at least 5 (five) business days prior to the placement start date

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PERSONS RESPONSIBLE

We, the persons undersigned, certify that we have taken all reasonable care to ensure that the information contained herein is true and accurate. Therefore, we certify that to the best of our knowledge the information contained in the prospectus is in accordance with the facts and that the prospectus makes no omission likely to affect its import.

Signatories

Karen Darbinyan	**Chairman of the Board**		
(name, surname)	**(position)**	**(signature)**	**(date)**
Narek Karapetyan	**Chairman of the Board of Directors**		
(name, surname)	**(position)**	**(signature)**	**(date)**
Hayk Ignatyan	**Member of the Board of Directors**		
(name, surname)	**(position)**	**(signature)**	**(date)**
Sergey Poghosov	**Member of the Board of Directors**		
(name, surname)	**(position)**	**(signature)**	**(date)**
Varuzhan Artenyan	**Member of the Board of Directors**		
(name, surname)	**(position)**	**(signature)**	**(date)**
Artak Iskandaryan	**Member of the Board of Directors**		
(name, surname)	**(position)**	**(signature)**	**(date)**
Vardan Makaryan	**Member of the Board of Directors**		
(name, surname)	**(position)**	**(signature)**	**(date)**
Karen Harutyunyan	**Board Member, General Director**		
(name, surname)	**(position)**	**(signature)**	**(date)**
Nairi Adamyan	**Chief Accountant**		
(name, surname)	**(position)**	**(signature)**	**(date)**
Ameriabank CJSC represented by Shushanik Hovsepyan	**Lead Arranger**		
(name, surname)		**(signature)**	**(date)**

I hereby certify that the signatures are true and correct.

Karen Harutyunyan	**CEO**		
(name, surname)	(position)	(signature)	(date)

Seal

PART 1. PROSPECTUS SUMMARY

INVESTOR NOTICE

THIS SUMMARY MUST BE READ AS AN INTRODUCTION TO THE PROSPECTUS.
ANY DECISION TO INVEST IN THE BONDS SHOULD BE BASED ON A CONSIDERATION OF THE PROSPECTUS AS A WHOLE.

The persons in charge of preparation of the summary shall bear civil responsibility for any incomplete or misleading information contained in the summary (including its translation), if such information is incomplete or misleading while considered together with other parts of the Program Prospectus.

Investors can get an electronic copy of the Program Prospectus and accompanying documents at www.ena.am and www.ameriabank.am.

1.1 Information about the Issuer and its Activity

1.1.1 Issuer's Details and Contact Information

Full official name		
	in Armenian	«Հայաստանի էլեկտրական ցանցեր» փակ բաժնետիրական ընկերություն
	in Russian	Закрытое акционерное общество «Электрические сети Армении»
	in English	“Electric Networks of Armenia” closed joint stock company
Short business name		
	in Armenian	«ՀԷՑ» ՓԲԸ
	in Russian	ЗАО “ЭСА”
	in English	“ENA” CJSC
Registered address:		127 A. Armenakyan St., 0047, Yerevan, Republic of Armenia
State registration number:		273.140.01857
Business address:		127 A. Armenakyan St., 0047, Yerevan, Republic of Armenia
Contact details:		Phone: + 374 (10) 65 00 86 Email: office@ena.am Website: https://www.ena.am/

In case of questions regarding the Issuer, the contact person is Deputy CEO, Director for Economics and Finance Armen Arshakyan (e-mail: Arshakyan_AS@ena.am, phone: +374 77 774 000).

1.1.2 Brief History and Strategy of the Issuer

Electric Networks of Armenia closed joint-stock company (hereinafter - ENA, the Issuer or the Company) was established in May, 2002 through merger of North Electric Network, South Electric Network and Central Electric Network closed joint-stock companies with Yerevan Electric Network closed joint-stock company and renaming the latter.

Electric Networks of Armenia CJSC is the legal successor of North Electric Network, South Electric Network, Central Electric Network and Yerevan Electric Network closed joint-stock companies.

The Company distributes electric energy on the territory of the Republic of Armenia in accordance with electric energy (capacity) distribution license N 0092 issued for an indefinite term based on decision N56-A of the RA Energy Regulatory Commission as of August 30, 2002 (hereinafter - the Distribution License).

In November, 2002, the Company was privatized in accordance with the RA Law on the Privatization of Yerevan Electric Network, North Electric Network, South Electric Network and Central Electric Network Closed Joint Stock Companies[1] and the Agreement on Selling the Shares of Electric Networks of Armenia Closed Joint Stock Company[2] (hereinafter - the Privatization Agreement), and as a result of the first stage the company Midland Resources Holding ltd (registered on February 20, 1998 in Guernsey) became the holder of 80.1% shares of the Company. Afterwards, Midland Resources Holding ltd acquired the remaining 19.9% shares of the Company.

To note that the Distribution License is a part of the Privatization Agreement.

In 2005, based on the agreement signed between Interenergo B.V. (registered in April, 2004 in the Netherlands) and Midland Resources Holding ltd, the Company passed into the control of INTER RAO group of companies.

On September 30, 2015, an agreement on purchase and sale of electric power assets of the RA was signed between companies LIORMAND HOLDING LIMITED (registered in Cyprus, on November 30, 2010) and INTER RAO HOLDING B.V.

Since April 14, 2017, 70% of the Company's shares has been owned by Tashir Capital closed joint-stock company (registered by the State Register of Legal Entities of the RA on December 22, 2016, registration number: 286.120.939597), and 30% - by LIORMAND HOLDING LIMITED.

Currently, the Company is making investments in accordance with the program approved by the Public Services Regulatory Commission (hereinafter - the Commission). In 2016, the Commission approved the Company's investment program for years 2016-2020, for the total amount of AMD 347.7 billion. Afterwards, considering the growth of the investment volumes, the investment program was revised and the program for years 2018-2027 was approved in 2017, increasing the total amount to AMD 416.2 billion.

The information regarding the investment program is presented in Section 3.3.3 of the Prospectus.

In view of liberalization of the RA energy market, the Company's functions were separated from the licensing standpoint, and as a result, the Company received a license for guaranteed supply of electricity in the Republic of Armenia, based on license ԼԷ N 0633 issued in accordance with the Commission's decision N 748-A as of December 21, 2018 (hereinafter - Guaranteed Supply License) valid until July 1, 2025.

On January 30, 2020, one of the leading international rating agencies - Moody's Investors Service (hereinafter also - Moody's) for the first time assigned Ba2 rating with stable outlook to the Issuer, which was one notch higher than the sovereign rating assigned to the RA by the same agency. In 2022 and 2023, Moody's reaffirmed the Company's Ba2 rating (with negative outlook).

The information regarding the Issuer's rating is presented in Section 2.6.3 of the Prospectus.

Mission of the Company:

[1] www.arlis.am/DocumentView.aspx?DocID=48751
[2] The draft version of the agreement is available at the following link: https://www.arlis.am/DocumentView.aspx?docid=9822

- contribute to the development of the economy and well-being of the population by providing reliable, high-quality and affordable power supply.

Strategic goals of the Company:

- providing high-quality power supply to consumers;
- improving customer service;
- cutting operational costs, including reduction of electricity losses by up to 6.4%;
- collecting no less than 99.5% of payments for the supplied electricity.

For the purpose of sustainable development of the Company, meeting the needs and expectations of the beneficiaries to the maximum extent, resisting external challenges and neutralizing internal negative factors and risks, the Company has set the following strategic directions for development:

- enhancement of the management system;
- implementation of structural reforms aimed at centralization of management, introduction of a phased approach and formation of the Company's organizational structure on the basis of the Company's business engineering;
- public offering of shares (IPO) on the international capital market;
- improvement of the automated systems of electricity loss management and billing;
- modernization of the production infrastructure in order to increase the level of safety, reliability and quality of power supply, reduce technological losses and ensure growing demand for electricity;
- transition from planned, preventive management model to a model operating on the basis of risk assessment and corporate goals;
- implementation of the corporate social responsibility policy;
- upgrade and digitalization of business processes;
- environmental protection.

Strengths of the Issuer

The strengths of the Issuer, attributed also to the Issuer's natural monopoly in the energy market (exclusivity of the licenses), are presented below:

- stable, established and transparent regulatory regime (long-term mechanisms for reimbursement of costs and approved investments);
- strong and predictable operating cash flows;
- a credit rating higher than the sovereign rating of the RA;
- lack of risk due to the change in the volume of purchased/sold electricity (capacity) (change in the energy balance);
- management team consisting of the industry professionals;
- effective implementation of investment programs;
- effective cooperation with international financial institutions;
- protection against exchange rate fluctuations: losses incurred as a result of exchange rate fluctuations are compensated in accordance with the terms of the Distribution License.

1.1.3 Charter Capital of the Issuer and Shareholding Structure

The charter capital of the Company as of June 30, 2023 was AMD 18,654,221,100. At the time of preparing the Prospectus, the charter capital was AMD 20,674,889,700, comprising 246,423 outstanding ordinary registered shares, with a face value of AMD 83,900 each. The shareholding structure of the Issuer (including respective shares) is presented in Section 3.5.2 of this Program Prospectus.

1.1.4 Issuer's Business Overview

Issuer's detailed business overview is presented in Section 3.2 of the prospectus.

The main activities of the Company include purchase of electricity, regulated distribution of electricity and supply of electricity to consumers.

The Company buys electricity from immediate producers based on direct contracts (as well as on other grounds specified by the license), in the actual volumes determined by Electric Power System Operator CJSC who administers the power system, managing electricity generation regimes and flows.

Tariffs for electricity (capacity) purchased by the Company from electricity producers and those for electricity sold to consumers, tariffs for provision of distribution services, as well as fees for connecting to the electric network are determined by the Commission.

The table below contains information about the electricity purchased by the Company, in million kilowatt-hours (hereinafter - mln kWh):

mln kWh	2016	2017	2018	2019	2020	2021	2022	2023, HI
Purchase of electricity	6,138	6,443	6,011	6,445	6,465	6,887	6,967	2,887

The table below contains information about purchased capacity, in million megawatts (hereafter - mln MW):

	2016	2017	2018	2019	2020	2021	2022	2023, HI
Purchase of capacity	19.74	23.41	23.08	22.61	22.49	21.22	13.75	28.25

The table below presents the volumes of electricity supplied by the Company (from 2022 also distributed to consumers of the liberalized sector of the market) (mln kWh) according to the population, sectors of the economy and consumer groups:

	2016	2017	2018	2019	2020	2021	2022	2023, HI
Population	1,854	1,906	1,815	1,927	1,977	2,026	2,048	1,021
State-financed organizations	225	234	212	216	194	208	216	115
Manufacturing	1,378	1,440	1,266	1,365	1,502	1,516	1,223	262
Transport	100	102	96	102	89	94	99	37
Irrigation	115	158	170	154	144	172	173	55
Potable water	59	67	62	65	63	68	60	18

Other consumers	1,699	1,867	1,789	2,067	1,932	2,244	2,315	1,178
Consumers of the liberalized sector of the market	-	-	-	-	-	-	341	519
Total	**5,430**	**5,774**	**5,410**	**5,895**	**5,901**	**6,328**	**6,475**	**3,205**

Tariff policy

The tariffs for the Issuer's services are regulated by the Commission.

The components of the current electricity tariffs are set out in the terms of the Distribution and Guaranteed Supply License.

Tariffs may be changed no more often than once every six months.

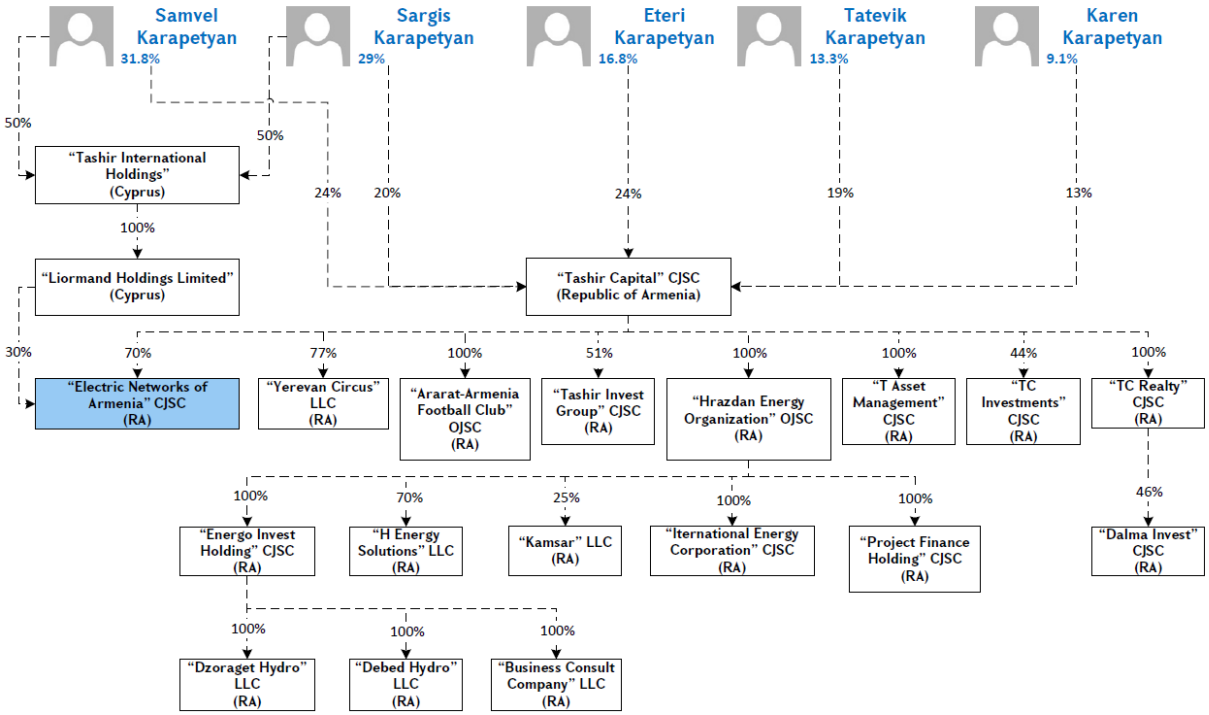
According to the methodology for calculating the licensee's required revenue and tariff margin, the licensee's required revenue for the target year is calculated as the sum of the cost of purchased electricity, operating and maintenance costs, depreciation, compensation amount and permitted profit, deducting other income.

Considering the fact that the Company's financial flows are based on the required revenue and tariff margin, and the latter is regulated by the methodology and license terms established by the Commission's decision, according to the Company's management, the Company's financial performance has no tendency to undergo negative changes.

1.1.5 Organizational Structure of the Issuer

The Issuer's organizational chart is presented in **Annex 2** hereto.

1.1.6 The Issuer's Group Structure



The Company shareholders are Liormand Holding Limited and Tashir Capital CJSC. Tashir Capital CJSC holding company has direct and indirect participation in a number of companies of the energy sector of Armenia.

The beneficial owners of the company are Samvel Karapetyan (31.8%), Sargis Karapetyan (29%), Eteri Karapetyan (16.8%), Tatevik Karapetyan (13.3%) and Karen Karapetyan (9.1%).

1.1.7 Quality of Assets

As of June 30, 2023, the Issuer's assets totaled AMD 295,249,579. For the same period, the leverage ratio (total capital to total assets) was 45%.

1.2 Issuer and Bond-Related Risks

1.2.1 Brief Description of the Risks Associated with the Issuer

A detailed description of the risks associated with the Issuer is presented in Section 3.2 of the Prospectus.

Legislative and regulatory risk. The Issuer operates in a highly regulated sector. According to the terms of the Distribution License, proved additional losses and/or additional costs of the licensee caused by amendments of the RA legislation, current legal acts, technical regulations and standards or adoption of new ones are compensated by the tariff margin and/or distribution service tariffs.

Risks associated with licenses. Changes to the license terms (including the tariff calculation methodology) are made at the Issuer's consent, except for the cases when the intended changes are necessary to ensure proper implementation of the requirements of RA laws and regulatory acts. If such changes cause additional costs for the Company, according to the terms of the Distribution License, they are compensated by the tariff margin and/or the distribution service tariff.

Tariff regulation risks. The Issuer's activity is contolled and regulation of tariffs is done by the Commission.

Tariff formation mechanisms envisaget he reasonable profit of the Isssuer; therefore, according to the Company's management, the financial results of the Company have no tendency to undergo negative changes.

Risks associated with the distribution network/infrastructures. The activities of the Issuer might be significantly affected by events beyond the Issuer's control (bad weather, illegal or undeliberate actions of third parties or force majeure circumstances, such as natural disasters, wars, etc.) resulting in damage to assets and infrastructure, which might, for some time, affect the continuity and/or quality of service rendered to a particular group of customers.

Information system risks. The Issuer uses complex information technology systems. Possible failures (intentional or unintentional) of the systems or software used might have significant impact on the Issuer's business operations.

Insurance risks. The Issuer's current insurance policy mostly covers potential losses, liabilities and business-related damages.

The Company management is of the opinion that the insurance policy properly covers its major potential losses and liabilities.

Financial risks. The Issuer's activities are financed by its current operations and borrowed funds. The Issuer's financial position might be affected by significant changes in interest rates and financial market conditions.

1.2.2 Brief Overview of the Risks Related to Bonds

Interest rate risk. Bond prices are inversely dependent on market interest rates, i.e. any rise in interest rates, other things being equal, leads to a drop in the price of bonds and vice versa.

Market risk. The price of the Issuer's bonds and their demand on the secondary market might drop due to current economic indicators and their anticipated changes on domestic and international markets. The investor should consider that the market prices of the securities may drop or rise over time.

Reinvestment risk. Reinvestment risk is the risk of not being able to invest the income from periodic coupon payments in instruments with yields at least equal to the bond's yield to maturity.

Credit/default risk. When purchasing the Issuer's bonds, investors assume the Issuer's credit risk associated with possible deterioration of the Issuer's financial position in the future, impossibility of making coupon payments or redeeming the bonds at face value and the Issuer's possible bankruptcy.

Exchange rate risk. Exchange rate risk is relevant for those investors who, in order to invest funds in USD or AMD bonds, have to convert them from one currency to another.

Liquidity risk. The Issuer cannot guarantee that investors will be able to sell or buy the Issuer's bonds on the secondary market (regulated market) at a favorable price any time during their maturity period.

Inflation or purchasing power risk. When assessing the nominal coupon rate offered by the Issuer for its bonds, investors should consider that if there is inflation in the Republic of Armenia, the actual yield of bonds may be lower (to the extent of inflation) than the nominal coupon rate of the bonds.

1.3 Business Development and Financial Position Trends of the Issuer

The Company has obtained the following licenses for performance of its operations:

	License	Number	Issued on/by	Valid until
1	Electric energy (capacity) distribution license	№0092	August 30, 2002	perpetual
2	Electric energy guaranteed supply license	ԼԷ N 0633	December 21, 2018	July 01, 2025
3	License for drafting engineering sections of urban development documents (except for the construction section, as well as works not requiring a construction permit)	ՔՊԼ 17380	December 25, 2019	perpetual

In case of need to extend the validity term of the guaranteed supply license ԼԷ N 0633, the Company will submit an appropriate application to the Commission in the manner and within the timeframe set by the Commission.

Since February 1, 2022, the energy system of Armenia has been making a gradual transition to a new model of the energy market, whereby liberalization of the energy market and introduction of competitive components have been planned with relevant legislative changes and regulations. Within the framework of liberalization of the energy system, the functions of power distribution and supply were separated in terms of licensing, as a result of which other licensed suppliers also operate in the market, while the Company is the only guaranteed supplier that provides services at regulated prices.

The Company's revenue for the first half of 2023 decreased by 15.3% as compared to the first half of 2022, and the volume of purchased electricity decreased by 18%. The drop in the indicators is due to the climatic conditions of 2022 and 2023, because of which the demand for electricity in the first quarter of 2022 was higher than in the same period of 2023.

According to the Company management, liberalization of the energy system cannot have significant impact on the financial position and profitability of the Company, considering the tariff calculation mechanisms.

1.4 Brief Information about the Issuer's Auditors and Advisors

The Issuer's financial statements for 2021 and 2022 have been audited by KPMG ARMENIA LLC.

floor 8, 26/1 V. Sargsyan St., Yerevan 0010, RA, (Erebuni Plaza business center)
phone: (+37410) 595999
website: www.kpmg.am

1.5 Management, Staff and Major Shareholders

The Issuer's management includes the General Meeting of Shareholders (hereinafter GMS), the Board of Directors and the executive body, i.e. the CEO.

Shareholders of the Issuer:

Shareholder	Share (AMD '000)	Share (%)
Tashir Capital CJSC (Republic of Armenia, state registration number: 286.120.939597)	14,472,414	70%
Liormand Holding Limited (Republic of Cyprus, state registration number: HE277812)	6,202,475	30%

The Issuer's Board of Directors is composed of 8 members.

Name, surname	Position	Industry experience
Karen Darbinyan	Chairman of the Board of Directors	30 years
Narek Karapetyan	Deputy Chairman of the Board of Directors	7 years
Hayk Ignatyan	Member of the Board of Directors	7 years
Sergey Poghosov	Member of the Board of Directors	25 years
Varuzhan Artenyan	Member of the Board of Directors	7 years
Artak Iskandaryan	Member of the Board of Directors	12 years
Vardan Makaryan	Member of the Board of Directors	4 years
Karen Harutyunyan	Board Member, CEO	27 years

Composition of the executive body:

Name, surname	Position	Industry experience
Karen Harutyunyan	CEO	27 years

The company had 6,649 employees as of December 31, 2022.

1.6 Basic Statistics about Offered Securities

The issued bonds (hereinafter - the Bond or Bonds) are registered, book-entry, non-convertible and non-splittable.

Interest income on the bonds will be paid in coupons.

The total value of the issue (offering) in dollar terms is up to USD 80 (eighty) million. Bonds shall be issued in AMD and/or USD. The size of the issue of the bonds to be placed will be determined based on the average

exchange rate formed on the FX market as published by the Central Bank as of the day preceding the date of the Issuer's decision on approval of the final terms of the issue.

The Issuer's bonds will be placed and redeemed in the currency of the bonds.

Coupon payments on the bonds will be made in the currency of the bonds.

The quantity of bonds to be offered will be determined pursuant to the size of the issue and the face value of a bond.

The face value of one bond is AMD 100,000 (one hundred thousand) for bonds issued in AMD, and USD 100 (one hundred) for bonds issued in US dollars.The Company will use the bond proceeds to refinance its loans and/or to cover the capital expenses presented in the Investment Program (see part 3.3.3 of the Prospectus).

1.7 Comprehensive Description of Bonds Offering

Start and end dates of the allocations, details of purchasing process and terms of sale shall be determined by the Issuer at least 5 (five) business days prior to the placement start date.

1.8 Final Terms Publication Form

Final terms of bonds issue, placement, circulation and repayment shall be determined by the Issuer at least 5 (five) business days prior to the placement start date.

Final terms of each issue of bonds shall be presented to the CBA and published at least 2 (two) business days prior to commencing the public placement.

The Issuer shall publish the final terms of each issue of bonds at least on its website.

1.9 Overview of Financial Data

1.9.1 FINANCIAL RESULTS OVERVIEW

AMD '000

Ratio	2023 H1 (non-audited)	2022 (audited)	2021 (audited)
Revenue	104,016,550	243,456,622	216,596,118
COGS	(77,150,237)	(180,303,235)	(151,356,362)
Gross profit (loss)	**26,866,313**	**63,153,387**	**65,239,756**
Distribution expenses	(9,299,182)	(19,636,667)	(20,421,616)
Administrative expenses	(9,740,435)	(18,744,705)	(16,046,144)
Profit (loss) from the sale of products, goods, works and services	**7,826,696**	**24,772,015**	**28,771,996**
Other operating income	329,223	954,861	581,012
Other operating expenses	(3,510,914)	(6,411,487)	(6,435,504)
Operating profit (loss)	**4,645,005**	**19,315,389**	**22,917,504**
Financial (costs) income	(2,616,192)	16,154,992	4,544,048
Other non-operating profit (loss)			
Profit (loss) from ordinary operations	**2,028,813**	**35,470,381**	**27,461,552**
Net profit (loss) before profit tax	**2,028,813**	**35,470,381**	**27,461,552**
Profit tax expense	-	(1,922,154)	(3,123,673)
Net profit (loss) after profit tax	**2,028,813**	**33,548,227**	**24,337,879**

1.9.2 BALANCE SHEET OVERVIEW

AMD '000

Ratio	2023 H1 (non-audited)	2022 (audited)	2021 (audited)
Property, plant and equipment	225,182,357	223,907,741	213,564,656
Construction in progress	10,002,279	9,111,666	8,075,610
Intangible assets	116,155	132,164	221,637
Other non-current assets	9,570,996	8,810,099	4,620,036
Total non-current assets	**244,871,787**	**241,961,670**	**226,481,939**
Inventories	9,345,521	11,403,896	11,138,298
Prepayments	1,613,180	1,110,949	3,970,311
Trade receivables	31,339,993	27,643,810	26,155,294
Other receivables	929,433	2,244,873	5,091,337
Cash and cash equivalents	7,149,665	5,843,315	5,440,348
Total current assets	**50,377,792**	**48,246,843**	**51,795,588**
Total assets	**295,249,579**	**290,208,513**	**278,277,527**
Share capital	18,654,221	18,654,221	18,654,221
Share premium	39,946,077	39,946,077	39,946,077
Retained earnings	73,655,370	71,626,559	38,078,332
Total equity	**132,255,668**	**130,226,857**	**96,678,630**
Long-term bank loans and borrowings	76,572,663	78,427,148	102,441,784
Other non-current liabilities	17,822,037	17,895,932	16,290,449
Total non-current liabilities	**94,394,700**	**96,323,080**	**118,732,233**
Short-term bank loans and borrowings	34,323,747	27,104,900	28,204,332
Trade and other payables	18,079,552	21,659,665	19,166,161
Advances received	2,626,235	4,853,060	3,130,355
Other accounts payable	13,285,449	9,694,880	12,022,945
Other current liabilities	284,228	346,071	342,871
Total current liabilities	**68,599,211**	**63,658,576**	**62,866,664**
Total liabilities	**162,993,911**	**159,981,656**	**181,598,897**
Total liabilities and equity	**295,249,579**	**290,208,513**	**278,277,527**

1.9.3 CASH FLOW OVERVIEW

AMD '000

Ratio	2023 H1 (non-audited)	2022 (audited)	2021 (audited)
Cash balance at the beginning of the period	5,843,315	5,440,348	4,944,470
Net cash flows from operating activities	17,653,715	38,710,918	35,063,546
Net cash flows from investing activities	(19,163,350)	(29,521,972)	(60,945,976)
Net cash flows from financing activities	2,945,114	(7,795,472)	(27,493,237)
Cash balance as at the end of the period	7,149,665	5,843,315	5,440,348

1.9.4 FINANCIAL RATIOS OVERVIEW

Ratio	2023 H1 (non-audited)	2022 (audited)	2021 (audited)
Net income per share EPS	16,466	136,141	98,765
Return on Equity (ROE)*	3.1%	29.6%	28.8%
ROA*	1.4%	11.8%	9.5%
Net profit margin (NPM)	2.0%	13.8%	11.2%
Shareholder equity ratio	0.45	0.45	0.35
Debt-to-equity	1.23	1.23	1.88
Absolute liquidity ratio**	0.39	0.36	0.39
Quick ratio**	0.89	0.84	0.95
Current ratio**	1.02	1.02	1.13
Trade receivables turnover ratio*	7.1	9.1	8.6
Trade receivable days outstanding	51.7	40.3	42.4
Inventory turnover ratio*	29.7	16.0	13.9
Days of inventory on hand	12.3	22.8	26.2
Trade payables turnover ratio*	7.8	8.8	8.0
Trade payable days outstanding	47.0	41.3	45.5

* The presented indicators are averaged.

The calculation made for 2023 H1 includes guarantees issued in favor of the Asian Development Bank, the European Bank for Reconstruction and Development, and the International Finance Corporation for the total amount of AMD 19,733,269 thousand, aimed at securing fulfillment of ENA's payment obligations under loan agreements. The guarantees were issued at the instruction of Tashir Capital CJSC. In 2021, the volume of the issued guarantees totaled AMD 19,047,286 thousand and in 2022 - AMD 16,854,420 thousand.

Ratio calculation formulas are presented in Annex 1.

INVESTOR NOTICE

THIS SUMMARY MUST BE READ AS AN INTRODUCTION TO THE PROSPECTUS.

ANY DECISION TO INVEST IN THE BONDS SHOULD BE BASED ON A CONSIDERATION OF THE PROSPECTUS AS A WHOLE.

THE PERSON IN CHARGE OF PREPARATION OF THIS SUMMARY SHALL BEAR CIVIL RESPONSIBILITY FOR ANY INCOMPLETE OR MISLEADING INFORMATION CONTAINED IN THE SUMMARY (INCLUDING ITS TRANSLATION), IF SUCH INFORMATION IS INCOMPLETE OR MISLEADING WHILE CONSIDERED TOGETHER WITH OTHER PARTS OF THE PROGRAM PROSPECTUS.

PART 2. INFORMATION ABOUT THE BONDS

2.1 Risk Factors

Interest rate risk. Interest rate changes may cause the investors to reconsider the expected yield on Issuer's bonds. Bond prices on the secondary market are inversely dependent on interest rates: growth of interest rates, all else being equal, causes drop in the bond prices and vice versa.

Market risk. The price of the Issuer's bonds and their demand on secondary market (in the long or short run) may fall due to current economic indicators and their anticipated changes on internal and international markets. The investor should consider that the market prices of the securities may fluctuate and may drop or rise over time. The Investor should also consider that regardless of fluctuations and expectations of changes in the market prices, the amounts of coupon payments and redemption of bonds, expressed in the currency of issue, do not change.

Reinvestment risk. Investors who purchase the Issuer's bonds with the aim of holding them to maturity and receiving yield to maturity as per bond purchase transaction terms should consider that they are bearing the reinvestment risk which implies the potential impossibility to invest the income from the Issuer's periodic coupon payments in instruments with yields equal to the bond's yield to maturity defined on the day of bonds purchase transaction.

Credit/Default Risk When purchasing the Issuer's bonds, investors assume the Issuer's credit risk associated with possible deterioration of the Issuer's financial position in the future, impossibility of making coupons payments or redeeming the bonds at face value and the Issuer's possible bankruptcy.

Currency risk The issued bonds are denominated in AMD and/or USD, so the investments shall be made and paid back (the amounts paid for purchase and redemption of bonds) in AMD and/or USD, respectively. In this regard, currency risk is relevant for those investors who, in order to invest funds in these bonds, have to convert them from one currency to another.

Liquidity risk The Issuer will apply to Armenia Securities Exchange OJSC (hereinafter also referred to as Exchange or Securities Exchange) to get the bonds listed and/or admitted to trading, and will engage (a) market maker(s) to ensure bond liquidity in the secondary market. However, the Issuer cannot guarantee that investors will be able to sell or buy the Bonds on the secondary market at a favorable price and/or preferred volume at any time throughout the period they are traded on the market.

Inflation or purchasing power risk. When assessing nominal coupon rate offered by the Issuer for its bonds, investors should consider that if there is inflation in the Republic of Armenia, the actual yield of bonds may be lower than the nominal coupon rate of the bonds.

2.2 General information

The Company will use the proceeds from the bonds to refinance its loans and/or to cover the capital expenses presented in the Investment Program (see part 3.3.3 of the Prospectus).

2.3 Information about the Offered Bonds Admitted to Trading on Regulated Market

2.3.1 Type and Class of Securities

Nominal, coupon paying, non-splittable and non-convertible bonds. The issued bonds do not have an International Securities Identification Number (ISIN) yet.

2.3.2 Country

Bonds are issued in the Republic of Armenia (RA) in accordance with the laws and bylaws of the RA. Disagreements and lawsuits (if any) shall be resolved in accordance with the Armenian legislation.

2.3.3 Form of Securities

Book-entry bonds. The register of the owners/nominee-holders shall be maintained by "Central Depository of Armenia" OJSC (26/1 Vazgen Sargsyan St., 5th floor, Yerevan, 0010, Armenia; phone: (+374) 60 615555), hereinafter referred to as the "Depository", according to the rules and procedures of the Depository.

2.3.4 Face Value and Quantity of Bonds

Face value of one bond is AMD 100,000 (one hundred thousand) for AMD bonds and USD 100 (one hundred) for USD bonds. The quantity of bonds to be issued and placed (sold) will be determined based on the volume of the issue and face value of the bond.

2.3.5 Currency of the Issue:

Bonds shall be issued in AMD and/or USD.

2.3.6 Information about Classification of the Offered Bonds

According to the civil code of the RA, in case of the Issuer's liquidation, the claims of creditors shall be satisfied in the following order:

1) firstly, the claims of the creditors regarding the obligations secured by pledged property of the liquidated legal entity shall be satisfied;

2) secondly, the claims of citizens, to whom the liquidated legal entity is liable for the damage caused to their lives or health shall be satisfied (through compounding of respective regular payments);

3) thirdly, severance allowances and salaries of employees working based on employment agreements and royalties on copyright contracts shall be paid;

4) fourthly, outstanding compulsory payments to the state budget shall be made;

5) in the fifth place settlements with the rest of the creditors (other than those who issued subordinated loans) shall be made;

6) in the sixth place settlements with creditors who issued subordinated loans shall be made.

Claims of each level shall be satisfied after full satisfaction of the claims of the previous level. Claims of the persons holding the bonds offered by the Issuer shall be satisfied in the fifth place.

2.3.7 Bondholder Rights

The bondholderds have the following rights:

1) Receive coupons and redemption value of bonds in accordance with the Program Prospectus. Investors are not required to perform additional actions for exercising the right of receiving the coupons and redemption value of bonds. Coupons and redemption value of bonds shall be transferred to the investor's bank account (a) in accordance with the trilateral agreement on transfer of the income from bonds (hereinafter "the Trilateral Agreement") to be executed with the Depositary and the Account Operator or (b) by any commercial bank of the RA with which the Issuer will execute a Paying Agent Agreement (hereinafter "Paying Agent").

2) Implement actions permitted by law to satisfy its claims arising from the title to bonds where the Issuer fails to make coupon payments and/or pay the redemption value of bonds when due;

3) Pledge the bonds in accordance with the legislation;

4) Sell the bonds on (if listed) or off the exchange at its own choice in accordance with the RA Law "On the Securities Market" (hereinafter "the Law"). Investors should take into account that the sale of corporate securities admitted to trading on regulated market outside the regulated market (securities exchange) is forbidden by Law;

5) Exercise other rights stipulated under the laws and regulations.

The bondholders shall transfer the purchase price of the bonds to the respective bank account, fulfill any and all monetary and non-monetary obligations arising from the purchase and sale of bonds and other actions, as well as perform other obligations stipulated by law within the period specified in the bond issue terms.

2.3.8 Nominal Coupon Rate and Payment

Nominal coupon rate shall be paid on bonds, the amount of which shall be determined by the Issuer at least 5 (five) business days prior to the placement start date.

The frequency of nominal coupon rate payments shall be determined by the Issuer at least 5 (five) business days prior to the placement start date.

The expected coupon income from bonds issued in AMD and USD will be calculated and paid in AMD and USD, respectively.

Coupon calculation dates shall be determined by the Issuer at least 5 (five) business days prior to the placement start date.

Coupons shall be paid to the owners and/or nominee-holders of bonds on coupon calculation dates. If coupon calculation date is a non-business day, payment shall be made on the first business day following that date.

Only the persons (holders/nominee-holders) registered in the register of owners/nominee-holders of the bonds as of the end of the date preceding the coupon calculation date shall be entitled to receive coupon payments.

Amounts of coupon payments payable to the owners and/or nominee-holders of bonds shall be rounded up to AMD 0.1 (according to arithmetic rules of rounding to the nearest whole decimal place). Arithmetic rule of rounding is the method of rounding when the integer part of the number remains unchanged if the decimal number subject to rounding is 0-4, and when it changes increasing by one digit if the decimal number subject to rounding is 5-9.

The Issuer will make the coupon payments in non-cash form in accordance with the Trilateral Agreement or Paying Agent Agreement. Part of the funds which will be impossible to transfer to the owner and/or nominee-holder of the securities due to the absence of or impossibility to verify bank accounts registered in the register of securities owners as of its closing date in the Unified System of Securities Registration and Settlement will be transferred back to the Issuer's account. Thereafter, the Issuer shall exercise best reasonable efforts to identify the investor by any possible means of communication and to transfer the payable amounts to the latter. Where it is impossible to identify the investor, the Issuer shall transfer the payable amount to the notary or court as a deposit (in cases provided by law) in accordance with the Armenian legislation.

Based on the coupon payment the Paying Agent or the Depositary (where the Trilateral Agreement is executed) shall provide the information about coupon payment to the CBA by 2:00 p.m. of the coupon payment day.

Amount of the coupon payment shall be calculated by the following formula:

C = (FV x C) / k,

where

C is the coupon payment

FV is the face value of a bond

C is the annual nominal rate of the coupon

k is the number of coupon payments per annum (where coupon payments are made on quarterly basis, k=4, where coupon payments are made on semi-annual basis, k=2)

Accrued interest shall be calculated by the following formula:

$$AI = FV \times \frac{C}{k} \times \frac{DCS}{DCC}$$

- AI is the accrued interest
- FV is the face value of a bond
- C is the annual nominal rate of the coupon
- k is the number/frequency of coupon payments per annum (where coupon payments are made on quarterly basis, k=4, where coupon payments are made on semi-annual basis, k=2)
- Day count convention for the Issuer’s bonds is Actual/Actual

- DCS is the actual number of days from the issue/previous coupon payment date before the transaction to the transaction settlement date, based on the relevant day count convention [D2M2Y2 - D1M1Y1]
- DCC is the number of days within a coupon period based on the relevant day count convention [D3M3Y3 - D1M1Y1]
- D1M1Y1 is the settlement/coupon payment date before the transaction date
- D2M2Y2 is the transaction settlement date
- D3M3Y3 is the next coupon payment date/maturity date

2.3.9 Maturity Date and Redemption Value

Maturity date shall be determined by the Issuer at least 5 (five) business days prior to the placement start date.

The redemption value of one USD bond is USD 100 (one hundred) and that of an AMD bond is AMD 100,000 (one hundred thousand).

The register of the owners/nominee-holders of bonds shall be closed the day before the maturity date. Only the persons registered in register of bondholder/nominee-holders by the time of closing of the register shall be entitled to receive the redemption value of bonds.

The redemption amounts shall be paid to the owners/nominee-holders on the maturity date. If the maturity date is a non-business day, the redemption amounts shall be paid on the business day following that date.

The Issuer will pay the redemption amounts in non-cash form in accordance with the Trilateral Agreement or Paying Agent Agreement. Part of the funds which will be impossible to transfer to the owner and/or nominee-holder of the securities due to the absence of or impossibility to verify bank accounts registered in the register of securities owners as of its closing date in the Unified System of Securities Registration and Settlement will be transferred back to the Issuer's account. Thereafter, the Issuer shall exercise best reasonable efforts to identify the investor by any possible means of communication and to transfer the payable amounts to the latter. Where it is impossible to identify the investor, the Issuer shall transfer the payable amount to the notary or court as a deposit (in cases provided by law) in accordance with the Armenian legislation.

Based on the payment of the redemption amount, the Paying Agent or the Depositary (where the Trilateral Agreement is executed) shall provide the information about actual payment of the redemption amount to the CBA by 2:00 p.m. of the redemption amount payment day.

Maturity value of AMD and USD bonds shall be paid in AMD and USD respectively.

Considering the currency of the face value of bonds and the requirement to make bank-to-bank transfers for payment of the redemption value (where the Investor does not have a bank account in the currency of the issue with Ameriabank CJSC), Investors should take into account that the commissions for transfer (bank-to bank transfer) of the redemption value shall be borne by the Investor. Therefore, the Investors shall receive the redemption value less the commissions charged according to current fees and rates of the Lead Arranger and other intermediary banks (if any).

There is no option of partial or early redemption of bonds.

2.3.10 Annual Yield

The annual yield shall be determined by the Issuer at least 5 (five) business days prior to the placement start date based on the formula specified in clause 2.4.3.1 herein.

2.3.11 Information about New Bond Issue

The resolution about bonds issue/offering program was adopted by the Issuer's Board decision 17/23-ՀՄ dated October 10, 2023. The resolution defines the maximum volume within which the Issuer can make placement(s) of bonds based on separate decision(s). Final terms and conditions of the bonds shall be determined by the Issuer at least 5 (five) business days prior to the placement start date.

2.3.12 Restrictions on Free Circulation of the Securities

According to the Issuer's charter or the resolution of the Issuer's authorized body on bonds issue/offering program (hereinafter "the Issuer's Resolution") no restrictions shall be applied to the bonds issue/placement and investors other than the restriction on the volume of bonds purchased by one investor during placement, provided that such decision is made by the Issuer at least 5 (five) business days prior to the placement start date.

There are no restrictions on free circulation of the bonds other than those prescribed by laws and bylaws.

The Issuer shall apply to the Securities Exchange for bonds' listing and admittance to trading. According to the current legislation listed bonds can be traded only on the Securities Exchange.

Investors may sell the bonds (if listed and admitted to trading) on Securities Exchange, or on OTC market in accordance with law but they should take into account that sale of corporate securities admitted to trading on regulated market outside the regulated market (securities exchange) is forbidden by RA legislation. The following transactions are an exception:

- transactions executed by the Central Bank of Armenia (CBA) (transactions between CBA and specialized companies of the financial market)
- purchase or redemption of the securities by the Issuer.

2.3.13 Taxation of the Income from Securities

Important notice! In this section the Issuer exercised its best efforts and used all available information to present approaches to taxation of income from securities in the Republic of Armenia. Nevertheless, the Issuer declares that investors should not consider this information as tax advice and should not be guided only by it when making investments. The Issuer does not guarantee that at the time when the Investor receives and reads this Prospectus, the information contained in it will comply with the current tax legislation of the RA or will be applied by the tax authorities of the RA. In any case, the Issuer recommends that investors resort to specialized tax advice. The Issuer declares that hereby they waive the responsibility for any additional financial claims of investors with respect to changes in the tax legislation and taxation schemes.

Income from the Issuer's bonds shall be subject to profit tax (for legal entities) and income tax (for individuals).

2.3.13.1 *Taxation of Income from Bonds (Profit Tax)*

In the Republic of Armenia profit tax is paid by residents and non-residents of the RA with the exception of the Republic of Armenia state administration bodies, local self-governing bodies, state non-profit organizations and the Central Bank. According to the RA tax code (hereinafter "the Tax Code"), an organization is considered RA resident (hereinafter referred to as "resident organization") if located in the RA.

Taxation of Resident Legal Entities

The object of taxation for residents is the taxable profit earned in the Republic of Armenia and abroad. Taxable profit is the positive difference between the taxpayer's gross income and deductions defined by the Tax Code. Profit tax shall apply to the taxable profit of resident legal entities at the rate of 18 (eighteen) percent.

Taxation of Non-Resident Legal Entities

The object of taxation for non-resident legal entities is the taxable profit earned in the Republic of Armenia. According to the Tax Code, the profit generated from sources located in the Republic of Armenia includes also the passive income received by a non-resident from a resident or non-resident. Only the income received by a non-resident from the activities of other persons through investment of its property or assets in the Republic of Armenia is considered a passive income of a non-resident (dividends, interest, royalties and other passive income).

Taxation of the income received by a non-resident in the Republic of Armenia from the sources located in the Republic of Armenia is performed by the respective tax agent of the area where income is paid. According to the Tax Code, the tax agents withhold the 10% (ten percent) profit tax from the income received by a non-resident in the Republic of Armenia at the area where income is paid.

The income earned by non-resident legal entities from the bonds listed on the Armenia-based stock exchange before December 31, 2024 in the form of interest accrued on Bonds or received discount in case of redemption, as well as income from sale of such bonds are exempt from profit tax.

2.3.13.2. *Taxation of Income from Bonds (Income Tax)*

In the Republic of Armenia both RA resident and non-resident individuals are subject to income tax. According to the Tax Code resident individuals mean the individuals (i) whose actual presence in the Republic of Armenia during any 12-month period starting or ending within a tax year (from January 1 until and including December 31) extends for 183 or more days or (ii) whose center of vital interests is in the Republic of Armenia or (iii) the individuals engaged in state service in the Republic of Armenia and temporarily working outside the territory of Armenia.Center of vital interest is the location, where the family or economic interests of an individual are concentrated. In particular, the center of vital interests of an individual is considered to be in the Republic of Armenia if his/her house or apartment, family, the principal place of professional or other activities is in the Republic of Armenia.

Taxation of Resident Individuals

The object of taxation for resident individuals is the taxable income earned in the Republic of Armenia and abroad.

Interest is taxed at 10 percent income tax. When paying income to resident individuals, the income tax is withheld by tax agent.

In case of coupon bonds, income tax is withheld from each interest (coupon yield) payment.

In case of bonds with discounted interest (zero coupon bonds) the income tax is calculated and withheld from the discount provided during redemption. The latter is calculated as difference between the face value and the issue price.

The income earned from the bonds listed on the Armenia-based stock exchange before December 31, 2024, is exempt from income tax. This does not apply to those bonds issued by banks where the period from the time of placement to the maturity date is less than 2 years.

Taxation of Non-Resident Individuals

The object of taxation for non-resident individuals is the taxable income earned in the Republic of Armenia. Taxable income is the positive difference between the taxpayer's gross income and deductions made in accordance with the Tax Code.

Rules of taxation of income from bondsand the applicable income tax rate are the same as for non-resident individuals.

Tax agent of the resident and non-resident individuals (in terms of the income tax) and of the non-resident legal entities (in terms of the profit tax) is the Issuer.

2.4 Terms and conditions of the offering

2.4.1 Terms and statistics of the offering

The form of the bond placement (auction or direct sales), as well as placement start date shall be determined by the Issuer at least 5 (five) business days prior to the placement start date. The Issuer shall determine also the method of arranging the placement: via Securities Exchange or OTC market.

Placement of bonds via the Securities Exchange placement system is arranged in accordance with the Rules for the Arrangement of Securities Placement and only Securities Exchange members may act as buyers in the system. Investors that are not members of the Securities Exchange may participate in the offering via members of the Securities Exchange (within the scope of investment services) on the terms and conditions defined by such members.

In case of OTC placement, the following terms shall apply:

To purchase bonds, investors shall make the payment by the end of the bond purchase date, based on the purchase order. Payment for purchase of bonds shall be considered duly made from the time the amount is credited to the respective bank account.

Persons submitting the bond purchase order should know that should their orders be rejected or satisfied partially, keeping of the funds paid for purchase of bonds on bank account before returning them pursuant to the terms of bonds issue shall not be considered illegal retention of funds or avoidance to return such funds, and no interest shall accrue on such funds.

Any and all costs for purchase of bonds via bank transfer (bank fees and commissions, whatsoever) shall be borne by investors.

Where the investors fail to make the relevant payment within the defined term upon submitting the bond purchase order, such order will be deemed invalid.

The amount to be paid for purchasing the number of bonds specified in bonds purchase order shall be determined by the following formula:

*V = P * Q, where*

- *V is the amount required for purchasing the number of bonds specified in bonds purchase order.*
- *P is the price of bond as of the bond purchase date specified in bond purchase order which is calculated pursuant to clause 2.4.3.1 of the Prospectus.*
- *Q is the number of bonds the investor wishes to purchase.*

2.4.1.1 ***Total Value of the Offering***

The total value of the issue (offering) in dollar terms is up to USD 80,000,000 (eighty million).

Bonds issued under the same series (having the same ISIN) may be placed in parts via reopening of the issue in accordance with the decision of the Issuer.

In case of partial placement, if the re-opened volume of the issue is not placed in full, the volume of the unplaced bonds is added to the bonds of the given series subject to placement.

The volume of bond issue and placement is to be determined by the Issuer at least 5 (five) business days prior to the placement start date.

2.4.1.2 ***Start and End Dates of the Offering***

The period of bonds placement including start and end dates of placement shall be determined by the Issuer at least 5 (five) business days prior to the placement start date.

The Issuer may postpone or cancel the bonds offering and placement in case of Force Majeure circumstances.

If during the period of placement the Issuer publishes a supplement to the Program Prospectus which contains material changes of the information specified in the Prospectus or a new material circumstance or fact, based on the investor's request the Issuer shall cancel the Investor's acceptance and return the amounts received from the latter during the term of placement or buy back the securities sold to the investor before such supplement was introduced at least at a price the securities were purchased by the Investor. The buyback request shall be submitted to the Lead Arranger in writing. The term for submitting a buyback request shall not be shorter than 5 business days starting from the date the supplement to Program Prospectus is published.

If there are funds to be returned, the Lead Arranger shall return them in non-cash form within 3 (three) business days upon making a decision about postponing or cancellation.

Amounts received after making a decision about cancellation of the placement and during the period of placement shall be returned to Investors together with the accrued coupons. In such cases the coupon amount is calculated for the period between the first day of placement and the day when the decision about cancellation of placement was made.

The CBA may decide to suspend the placement of bonds pursuant to law.

The Lead Arranger may suspend the placement on its own initiative for no more than 10 (ten) business days provided the CBA consent is in place.

If within one business day upon the end of cancellation period the placement does not restart, the Lead Arranger shall make a decision about termination of the placement and shall return the amounts received during the period of placement to the persons who purchased the securities pursuant to the order determined by Law within 10 (ten) business days upon the end of cancellation term.

2.4.1.3 ***Application process***

If the bonds are placed on Securities Exchange, the investors shall be guided by the Rules of Organization of Securities Placement. According to such Rules, only Securities Exchange members may participate directly as buyers. Investors that are not members of the Securities Exchange may participate in the offering via members of the Securities Exchange (within the scope of investment services) on the terms and conditions defined by such members.

In case of OTC placement, the following steps shall be performed:

To purchase bonds, the investors should fill in the bond purchase order(s) and submit it to the Lead Arranger in a due manner thereby accepting the terms and conditions of the issue and agreeing to be bound by them.

To purchase bonds individuals and/or legal entities should fill in the required fields of the purchase order.

Bond purchase orders will be published on the official websites of the Lead Arranger and/or the Issuer. A bond purchase order should contain at least the following information.

- *The date of submission of the purchase order and purchase date*
- *Investor's data.*
    - *Name, surname, ID/passport data, registration address and residency for physical entities (individual entrepreneurs)*
    - *Name, registration number, address, TIN and residency for legal entities*
- *Investor's bank details*
    - *Securities account number and name of the person registering the securities account*
- *Information about the bonds to be purchased*
    - *Bond price*
    - *Quantity of bonds*
    - *Total amount payable*

Once the Bond purchase order is completed and properly delivered to the Lead Arranger, investors must deposit the respective funds for purchase of Bonds to the account opened for the issue (hereinafter referred to as "Account of the Issue") by the end of the order acquisition date. The Bond purchase order will be considered valid once it is properly delivered and the respective payment is made (hereinafter "Valid Order")

The day on which the order is submitted is considered the day of acquisition of bonds.

The orders of investors who fail to make the respective payment within the defined term will be deemed invalid.

Upon the end of the Bond Purchase Order acquisition date as well as after the expiry of the term defined for bonds placement, the amounts received on the Issuer's account will be subject to return and their respective orders will no longer be processed.

The bond purchase order will be considered duly delivered to the Lead Arranger if provided/sent by any of the following channels:

Online • *By submitting an electronic order via the Lead Arranger's MyAmeria application's MyInvest platform* • *Via the Lead Arranger's Online Banking System*
In person *By visiting any of the Lead Arranger's branches[3] and completing the relevant purchase order with the client manager*
By email to *CapitalMarkets@ameriabank.am*
Via ***CBAnet*** *` CapitalMarkets Ameriabank/AMERIA/CBANet@CBANet*

The Lead Arranger may request the person who submitted a Valid Order to provide additional information/documents for identification purposes.

Valid Orders are subject to approval or rejection within 1 business day following submission thereof.

Valid Orders may be rejected if the transferred funds do not meet the requirements stipulated by international and/or Armenian AML/CTF laws and regulations and/or the Lead Arranger's internal regulations as well as in cases stipulated in the Prospectus.

Physical and/or legal entities wishing to purchase bonds may submit more than one bonds purchase order.

2.4.1.4 ***Possibility to Reduce Total Volume of the Offering***

The possibility to reduce total volume of the offering during placement (including the manner and form of refund of the amounts paid by investors in this case) may be determined by the Issuer at least 5 (five) business days prior to the placement start date.

In case of OTC placement, depending on the order of placement some bonds purchase order(s) may be satisfied partially.

A bonds purchase order may be satisfied partially if at the time of submitting the order, the number of bonds indicated in it exceeds the number of available bonds subject to placement.

[3] Operational days and hours of branches are available at https://ameriabank.am/service-network:

Where several orders are submitted simultaneously and the total number of bonds indicated in them exceeds the number of currently available bonds to be placed, the orders shall be satisfied in proportion to the number of bonds specified in each individual application.

In case of OTC placement, where the bonds purchase order is executed partially and there is an amount payable to the investor, the Issuer shall transfer it to the respective Investor's bank account within 3 (three) business days after placement.

Where the bonds are placed on the Securities Exchange and the bonds purchase order is satisfied partially, the amounts shall be returned in accordance with the Rules of Organization of Securities Placement.

2.4.1.5 *Order recall term*

In case of OTC placement, orders of the investors who fail to make the relevant payment within the defined term (by the end of the day of submission of the securities purchase order) upon submitting the bonds purchase order shall be deemed invalid and shall not be placed.

Except for the cases specified above, bond purchase orders may not be recalled once they are properly delivered, received by the Lead Arranger (with receipt confirmation) and paid for.

2.4.1.6 *Minimum and Maximum Amounts*

During the period of placement limitations on the quantity and amount of bonds may be defined where such decision is made by the Issuer at least 5 (five) business days prior to the placement start date.

2.4.1.7 *Payments for the securities*

In case of OTC placement individuals and/or legal entities shall transfer the price of purchased bonds to the Issue Account. The payment shall be considered duly made from the time the amount is credited to the respective bank account.

Once relevant orders are satisfied investors can receive securities ownership statement from their Custodian or Securities Account Operator upon being notified about execution of their orders from the Lead Arranger.

The Lead Arranger has the right to refuse to credit to the Issue Account the funds transferred for purchase of bonds in the quantity specified in the Bonds Purchase Order by a person who wants to purchase them as well as to refuse to send to the Depositary a respective instruction on transferring the bonds from the Issue Account to the securities account of the person who wants to purchase them, if such funds do not meet the requirements stipulated by international and/or Armenian AML/CTF laws and regulations and/or the Lead Arranger's internal norms and regulations. This being the case, the Lead Arranger is entitled to reject the Order and return the transferred funds, and the related financial costs will be borne by the person who wants to purchase the bonds. The fee for transferring back/refunding the amount received through a bank transfer and not accepted by the Lead Arranger is published on the Lead Arranger's official website. Investors should know that, in addition to the service fee charged by the Lead Arranger, if the funds transferred to the Issue Account are transferred back by the Lead Arranger based on the same bank details, additional service fees might be charged by intermediary banks and the beneficiary's bank.

The title to the bonds purchased by the investor originates from the moment of registration of such bonds in the name of the investor in the Depositary or other licensed custodian in accordance with the procedure established by the Republic of Armenia laws and regulations.

Bonds are transferred to the securities account of the investor on the date the respective order is satisfied.

Where bonds are placed via Armenian Securities Exchange platform, persons wishing to purchase bonds shall make an advance deposit in accordance with the Rules of Organization of Securities Placement. Investors that are not members of the Securities Exchange make the advance deposit via members of the Securities Exchange (within the scope of investment services) on the terms and conditions defined by such members.

2.4.1.8 *Publication of Offering Results*

Offering Results will be published within 3 (three) business days following the end of placement on the official websites of the Lead Arranger and/or the Issuer.

2.4.1.9 *Priority right*

In case of OTC placement, bonds shall be placed based on the bonds purchase orders and the order of receiving payments for them, i.e. the investor whose payment for the bond purchase order to the Issue Account was received earlier is granted a priority right.

Where bonds are placed via Armenian Securities Exchange platform, bond purchase orders shall be satisfied based on the type and form of auction and shall be subject to the Rules of Organization of Securities Placement.

There are no persons who have a priority right to purchase the issued bonds.

2.4.2 Placement plan

2.4.2.1 *Groups of investors*

The offering is made in the RA and is for resident and non-resident individuals and legal entities.

2.4.2.2 *Notification about execution of orders*

In case of OTC placement Investors shall be notified about execution of their orders by the Lead Arranger by the end of the business day following the day of submitting the order. Investors shall be notified about execution of their orders via the channels they have submitted the bonds purchase order to the Lead Arranger. Exception is the case with electronic orders submitted via MyInvest platform of the Lead Arranger, when the notification about execution of orders is sent to the investor's email address recorded with the Lead Arranger.

In case of on-exchange placement Investors shall be notified about execution of their orders in the manner prescribed by the Rules of Organization of Corporate Securities Placement. Investors that are not members of the Securities Exchange are notified about approval of their orders via members of the Securities Exchange (within the scope of investment services) on the terms and conditions defined by such members.

2.4.3 Offering Price

2.4.3.1 *Price of securities*

The full price of bonds for the face value of each 100 bonds from the start date of placement shall be calculated by the following formula:

$$DP = \frac{C}{f}\sum_{t=1}^{N}\frac{1}{\left(1+\frac{y}{100*f}\right)^{i-1+\tau}} + \frac{100}{\left(1+\frac{y}{100*f}\right)^{N-1+\tau}}$$

where

$$\tau = \frac{DSN}{DCC}$$

DP is the Bond's price

DSN is the number of days within the period from settlement/trade date till the next coupon payment date based on the relevant day count convention

DCC is the number of days in coupon period in which the settlement date falls based on relevant day count convention

f is the number of coupon payments per annum

N is the number of remaining coupons as of the settlement day

C is the annual coupon rate per 100 face value

Y is the yield to maturity

In case of OTC placement, before the start date of placement price of bonds for the whole period of placement (per days) shall be published at least on the Lead Arranger's official website.

Any and all costs for purchase of bonds via bank transfer (bank fees and commissions, whatsoever) shall be borne by investors.

Investors shall at their expense open with the Depositary or some other licensed sub-custodian a personal securities account for account-keeping of securities.

2.4.4 Placement

2.4.4.1 *Underwriters*

At the time of submission of the Prospectus to registration, the Issuer and the Lead Arranger have not made any arrangement on firm committed underwriting. However, it should be considered that the final terms of particular series may provide for full or partial underwriting of the issued bonds by the Lead Arranger.

2.4.4.2 *Arrangers*

The Issuer has executed with Ameriabank CJSC (2 Vazgen Sargsyan St., Yerevan, 0010, Armenia) an Agreement on Provision of Bonds Placement Services .

According to the executed agreement AMERIABANK CJSC will place the bonds on best efforts basis, except for cases when the final terms of particular series provide for full or partial firm underwriting of the issued bonds.

Investors should consider that

- in the case of best efforts basis, it is probable that only part of the declared volume of bonds is placed by the end of the placement period, i.e. partial placement may occur.
- regardless of the actual volume of bonds placed by the end of the placement period the placement shall be deemed completed.

2.4.4.3 *Terms of Placement*

According to the Agreement on Provision of Bonds Placement Services executed with AMERIABANK CJSC, the Issuer assumed the obligation to pay to the Lead Arranger

- A Retainer Fee in the amount of AMD 21,200,000 (twenty million two hundred thousand)
- An Arrangement/Underwriting Fee to be defined by a separate agreement on approval of the final terms of the issue of particular series of bonds to be executed between the Issuer and the Lead Arranger, as a percentage of the face value of each placed series.

2.4.4.4 *Firm underwriting agreement*

At the time of publication of the Prospectus, no firm underwriting agreement was executed. According to the Agreement on Provision of Bonds Placement Services executed between the Issuer and the Lead Arranger, the Lead Arranger will place the bonds on best efforts basis, except for cases when the final terms of particular series provide for full or partial firm underwriting of the issued bonds.

2.4.4.5 *Banks and Custodians Accepting Payments*

In case of OTC placement payments for the purchased bonds shall be made to the Issue Account with AMERIABANK CJSC (2 Vazgen Sargsyan St., Yerevan, 0010, Armenia). Where the investor purchases the bonds via its brokerage firm, the payment procedure details should be discussed with the latter.

In case of placement via Exchange platform investors shall make an advance deposit to pay for the securities. Where the investor purchases the bonds via its brokerage firm, the payment procedure details should be checked with the latter.

Recording and/or registration of the rights and obligations related to the Issuer's bonds shall be made through the Depositary which shall maintain the register of the owners/nominee-holders via an Account Operator acting within the Depositary system.

Bonds can be recorded also by a custodian licensed by the CBA (sub-custodian of the Depository) via opening and managing a securities account for the bonds owner/nominee-holder with the given custodian.

Depositary address: 26/1 Vazgen Sargsyan Street, 5th floor, Yerevan, Armenia (tel.: (+374) 60 615555).

Ameriabank CJSC is the Account Operator maintaining the bonds register.

Before purchasing bonds investors shall open a personal securities account with the Depositary or some other licensed sub-custodian.

The Lead Arranger has the right to refuse to credit to the Issue Account the funds transferred for purchase of bonds in the quantity specified in the Bonds Purchase Order by a person who wants to purchase them as well as to refuse to send to the Depositary a respective instruction on transferring the bonds from the Issue Account to the securities account of the person who wants to purchase them, if such funds do not meet the requirements stipulated by international and/or Armenian AML/CTF laws and regulations and/or the Lead Arranger's internal norms and regulations. This being the case, the Lead Arranger is entitled to reject the Order and return the transferred funds, and the related financial costs will be borne by the person who wants to purchase the bonds. The fee for transferring back/refunding the amount received through a bank transfer and not accepted by the Lead Arranger is published on the Lead Arranger's official website. Investors should know that, in addition to the service fee charged by the Lead Arranger, if the funds transferred to the Issue Account are transferred back by the Lead Arranger based on the same bank details, additional service fees might be charged by intermediary banks and the beneficiary's bank.

2.5 Admission to and Organization of Trading

2.5.1 Admission to Trading

After registration of the Program Prospectus by the CBA and placement of bonds the Issuer must apply to Armenian Securities Exchange OJSC for listing the placed bonds on the regulated market and/or admission to trading. The application for listing the bonds on the regulated market and admission to trading may be rejected by the Exchange.

If bonds are not admitted to trading, the placement shall be deemed canceled. Within 10 (ten) business days upon the effective date of the Issuer's cancellation decision the Issuer will buy back the bonds at their offered price.

2.5.2 Eligible Markets

At present the bonds being registered by the Issuer under this Program Prospectus are not admitted to public trading on any market.

2.5.3 Market Makers

The Issuer has not yet executed a market making agreement on the secondary market with specialized entities.

After listing/admission to trading of the placed bonds on the Exchange the Issuer shall execute a market making agreement on the secondary market with specialized entities.

2.6 Additional Information

2.6.1 Advisors

When preparing this Prospectus, the Issuer has not resorted to the services of other advisors (other than the placement services rendered by the Lead Arranger).

2.6.2 Audit Opinion

Except for the Issuer's historical financial statements (2021-2022) specified in this Program Prospectus which were audited by independent auditors, no other financial information contained in this Program Prospectus was audited by independent auditors. Copies of the statements and independent audit reports are presented in Annex 4.

2.6.3 Issuer's Rating

The Issuer applied to Moody's international rating agency for rating at its own initiative.

On January 30, 2020 the Issuer was assigned Ba2 rating with *stable* outlook which was one notch higher than the sovereign rating assigned to the RA by the same agency.

In March 2022, Moody's revised the *stable* outlook to *negative*, which was due to the change in the outlook of the sovereign rating assigned to the RA from *stable* to *negative*.

In May 2023, Moody's reaffirmed the Company's Ba2 rating with *negative* outlook.

The rating was assigned considering the following factors:

- the Company's strong position in the energy market of Armenia;
- independence of the regulator from the government;
- the high financial indicators recorded by the company in recent years,
- a high level of financial and economic planning and clear forecasts of high profitability in the foreseeable future (terms of the license effective until 2027 approved by the regulator);
- a transparent system of tariff regulation, long-term mechanisms for reimbursement of costs and approved investments;

The factors based on which the Company was assigned a higher rating than the RA sovereign rating, are listed below:

- independence from regulatory bodies and the government;
- little dependence on the domestic capital market;
- sound business as an infrastructure company with predictable cash flow generation and healthy financial profile; transparent tariff regulation, which also limits the adverse impact of the domestic economic situation and currency exchange volatility on the Company.

PART 3 INFORMATION ABOUT THE ISSUER

2.7 Independent Auditors

The Issuer's financial statements for 2021 and 2022 have been audited by KPMG ARMENIA LLC.

(Address: 26/1 V. Sargsyan st., Erebuni Plaza business center, 8th floor, Yerevan, 0010, Armenia)
phone: (+37410) 595999
website: www.kpmg.am

2.8 Risk Factors

The Company's core financial, economic and operational indicators are formed based on the terms of the licenses granted to the Company, which highlight the predictable risks that may affect the financial, economic and operational indicators of the Company. Appropriate risk prevention and risk mitigation tools are defined in the terms of licenses. As a result, the Company's financial, economic and operational indicators are predictable, manageable and calculable.

The above factor served as a basis for Moody's to assign the Issuer a credit rating that is higherthan the RA sovereign rating.

Before investing in the Issuer's bonds any potential investor should carefully consider the below specified risk factors specific to the Issuer's operations. Only the risks that the Issuer considers material as of the date of submission of the Prospectus, are specified below. However, there might be additional risks which are unknown to the Issuer at this moment or which are immaterial in the Issuer's opinion. Hence the list of risk factors specified below, must be used as a guidance only.

Legislative and regulatory risk. The issuer operates in a highly regulated sector. According to the terms of the Distribution License, proved additional losses and/or additional costs of the licensee caused by amendments of the RA legislation, current legal regulations, technical regulations and standards or adoption of new ones are compensated by the tariff margin and/or distribution service tariffs. In case of disagreements with the Licensee regarding additional costs and/or losses subject to compensation, the Commission and the Licensee will invite independent experts.

Possible losses that may be caused due to changes in the legislative and regulatory framework are subject to full compensation during tariff period following their occurrence/during the validity period of the tariff(s). The required revenue and tariff margin can be revised on semi-annual basis.

Consequently, changes in the legislative and regulatory framework cannot have any negative impact on the Company's financial results in the long run.

Risks associated with licenses. Changes to the license terms (including the tariff calculation methodology) are made at the Issuer's consent, except for the cases when the intended changes are necessary to ensure proper performance of the requirements of RA laws and regulatory acts. If such changes cause additional costs for the Company, according to the terms of the Distribution License, they are compensated by the tariff margin and/or the distribution service tariff.

The Distribution License was issued for an indefinite period and the License for Guaranteed Supply of Electricity expires on July 1, 2025. According to the company's management, even if the License for Guaranteed Supply of Electricity is not renewed or the volume of supplies decreases due to it, the Company's

financial results will not be affected, since the Company's necessary operating and maintenance costs, as well as the investments done are fully covered by the distribution tariff margin.

In case of failure to properly comply with requirements under Distribution License and Guaranteed Supply License granted to the Issuer, the Commission is authorized to demand elimination of violations and may impose fines and penalties. The company shall not be liable for the breaches of License terms if such breaches are caused by force majeure circumstances. The force major circumstances are defined per license terms.

Tariff regulation risks. The Issuer's activity is controlled and tariffs are regulated by the Commission.

Tariff formation mechanisms envisage the reasonable profit of the Isssuer; therefore, according to the Company's management, the financial results of the Company have no tendency to undergo negative changes.

Stable tariff policy is one of the criteria Moody's considered while assigning the Issuer a rating that is higher than the country's sovereign rating.

Risks associated with the distribution network/infrastructures. The activities of the Issuer might be significantly affected by events beyond the Issuer's control (bad weather, illegal or undeliberate actions of third parties or force majeure circumstances, such as natural disasters, wars, etc.) resulting in damage to assets and infrastructure, which might for some time affect the continuity and/or quality of service rendered to a particular group of customers. The Company shall not be liable for non-performance or improper performance of the electricity distribution or supply functions due to the circumstances or incidents beyond its control, which are considered as force majeure per the license terms. However, it is among the priorities of the company to make best efforts to ensure restored quality supply of electricity to all subscribers within the shortest possible time.

The Issuer has an approved Investment Program aimed primarily at reducing operational risks related to the distribution network and upgrading of infrastructure.

The company has ISO 9001:2015 (quality management system standards) and ISO 45001:2018 (health and technical safety system standards) certificates.

Environmental risks. The issuer's activities may have a negative impact on the environment. Such activities are subject to environmental laws and regulations relating to pollution, environmental protection or use and disposal of hazardous waste.

Environmental risk management is a priority for the company, and the company implements a number of measures to mitigate these risks.

- Introduction and application of environmental and social management system within the framework of the assessment of investment projects,
- Assessment and neutralization of the impact on specially protected areas or other areas with vulnerable biodiversity due to the company's investments and management decisions,
- Development and implementation of environmental monitoring and risk mitigation action plans,
- Introduction of a system for assessment of evacuation and resettlement risks and adjustment of existing procedures with PSESS (Performance Standards on Environmental and Social Sustainability, IFC) requirements,
- Introduction of a system of safe storage of hazardous materials and waste,
- Reducing greenhouse gas emissions through energy saving and reduction of losses in the distribution network.

The Company has ISO 14001:2015 certificate (international certificate of compliance with environmental management standards).

Information system risks. The Issuer uses complex information technology systems. Possible failures (whether intentional or unintentional) of the systems or software used may have a significant impact on the Issuer's business operations. However, according to the Issuer, such risks are minimized, since the Issuer constantly modernizes systems and makes other investments aimed at increasing the efficiency of systems within the framework of its Investment Program.

Insurance risks. The Issuer's current insurance coverage mostly covers potential losses, liabilities and business-related damages.

As per the Company the insurance policy properly covers its major potential losses and liabilities.

The company has the following insurance policies:

- Property insurance[4]
- General Liability Insurance (including third party liability insurance)

In the event of a major incident or accident resulting in significant property losses (including the distribution network) and significant disruptions in service, the Company will receive appropriate indemnification under the insurance contracts.

It should be noted, however, that depending on the extent of property damage, the Company may have difficulties in restoring the damaged property in time.

Financial risks. The Issuer's activities are financed by its operational cash flow and borrowed funds. The Issuer's financial position might be affected by significant changes in interest rates and financial market conditions.

Among the Company's priorities is the diversification of the funding sources and liabilities, which will lead to mitigation of financial risks.

It should be noted that according to the opinion issued in May 2023, when assessing the creditworthiness of the Company Moody's emphasized the potential of receiving support by the ultimate beneficiaries in times of financial straits due to the Company's centralized shareholding structure.

Debt burden risk. According to the Company's estimates, the latter's debt burden as of the date of filing the Prospectus for registration is at a manageable level.

The Issuer signed loan agreements with the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) (hereinafter referred to as Loan Agreements) for funding the investment program. The summary information about these loans is specified below:

Lender	Loan disbursement date	Due date	Total contractual amount	Outstanding principal as at July 01, 2023
EBRD	October 03, 2017	May 26, 2027	80 million in foreign currency (USD, EUR)	USD 10,833,333
	November 29, 2019	May 26, 2027		EUR 15,103,125
	October 05, 2021	May 26, 2031	USD 70 million	USD 40,000,000

[4] The book value of the insured property as of April 01, 2023 was AMD 17.4 million.

Lender	Loan disbursement date	Due date	Total contractual amount	Outstanding principal as at July 01, 2023
	December 13, 2021	May 26, 2031		USD 30,000,000
ADB	October 04, 2017	May 26, 2027	80 million in foreign currency (USD, EUR)	USD 20,833,340
	November 29, 2019	May 26, 2027		EUR 6,812,608
	October 05, 2021	May 26, 2031	USD 35 million	USD 20,000,000
	December 13, 2021	May 26, 2031		USD 15,000,000
IFC	February 04, 2021	November 26, 2030	USD 60 million	USD 56,250,000

100% of the Company's shares are pledged to secure the loans issued under the loan agreements.

The dynamics of the book value of the Company's debt burden (loans and advances) in the forecast period is specified below:

AMD 1 million	2022 actual	2023 forecast	2024 forecast	2025 forecast	2026 forecast	2027 forecast	2028 forecast
Debt burden[5]	105,532	96,753	82,408	76,213	60,959	44,038	26,201

Risks associated with the loan agreements. The Issuer has certain obligations under the loan agreements, such as affirmative covenants or negative covenants, maintaining minimum and maximum levels of certain financial indicators, mandatory prepayment, as well as reporting obligations.

From time to time, the Company may have to apply to the Lenders to temporarily waive, agree to waive, or remove or modify certain limitations.

If the Issuer is unable to comply with the covenants and other requirements under the Loan Agreement, an event of default (hereinafter also Default) may occur under the terms of the Agreement. In case of Default Creditors may demand accelerated repayment of loans.

During the validity term of the loan agreements no events of default were registered. The Issuer assesses the probability of occurrence of the above specified events as "very low".

Covenants

The covenants contained in the agreement restrict the Issuer in certain matters. The essential limitations are presented below:

- payment of dividends to shareholders,
- management of assets (pledge, sale, transfer),
- merger, winding up, division, consolidation or reorganization,
- conducting other business,
- buyback and redemption of shares, exercising a stock option or change of the rights granted under the shares,
- provision of loans or guarantees to some other person/entity,
- receiving new long-term borrowings,

[5] Is counted as a total of current and non-current loans and borrowings.

Within the scope of the new covenants the Issuer assumed the obligation to [6]

- maintain proper accounting and control systems,
- appoint and maintain an internationally recognized independent audit firm,
- implement a plan of actions aimed at mitigation and improvement of environmental and social issues,
- ensure compliance of the net debt/EBITDA[7] ratio and the current ratio (current assets/current liabilities) with the benchmark indicators presented below.
    - During the settlement period net debt/EBITDA ratio shall not exceed 3.5:1.
    - During the settlement the current ratio shall not be less than 1:1.

Any violation stated below may also result in the Company Default:

- failure to repay the principal and interest,
- nationalization, confiscation or otherwise expropriation by any government body of property, assets, share capital owned by the Company,
- voluntary and involuntary proceedings related to winding up and/or bankruptcy of the Company.

Mandatory Prepayment

Loans are subject to mandatory prepayment upon the occurrence of a **change of control**[8]. The latter will be deemed to have occurred if any of the following cases/situations takes place:

- change of control of the issuer, its shareholders,
- any event due to which the Issuer's shareholders will cease to own 100 percent of the Issuer's shares,
- any event due to which the Issuer's beneficial owners will directly or indirectly cease to own at least 80 percent of the Issuer's shares.

Currency risk Foreign currency loans have a large share in the loans received by the Issuer. Exchange rate fluctuations in the foreign exchange market may influence the Issuer's activities. However, it should be noted that according to the methodology of calculation of the required revenue and tariff margin, the losses in the planned investment component due to exchange rate fluctuations will be compensated.

The Issuer's management assesses the likelihood of occurrence of the above risk factors as "very low".

2.9 Information about the Issuer

2.9.1 History and Development Milestones

Electric Networks of Armenia closed joint-stock company (hereinafter - ENA, the Issuer or the Company) was established in May, 2002 through merger of North Electric Network, South Electric Network and Central Electric Network closed joint-stock companies with Yerevan Electric Network closed joint-stock company and renaming the latter.

Electric Networks of Armenia CJSC is the legal successor of North Electric Network, South Electric Network and Central Electric Network closed joint-stock companies.

[6] Only material obligations are specified.
[7] Calculations of net debt and EBITDA rations specified in the loan agreement may differ to certain extent from the calculation of the ratios specified in the Prospectus.
[8] The opportunity to directly or indirectly predetermine the decisions of the Issuer's management bodies, to materially influence making (implementing) their decisions or predetermine the directions and areas of Issuer's activity by virtue of the dominant share in the charter capital of the Issuer, based on the agreement signed with the latter, business reputation, standing or otherwise.

The Company distributes electric energy on the territory of the Republic of Armenia in accordance with electric energy (capacity) distribution license N 0092 issued for an indefinite term based on decision N56-A of the RA Energy Regulatory Commission as of August 30, 2002 (hereinafter - the Distribution License).

In November, 2002, the Company was privatized in accordance with the RA Law on the Privatization of Yerevan Electric Network, North Electric Network, South Electric Network and Central Electric Network Closed Joint Stock Companies [9] and the Agreement on Selling the Shares of Electric Networks of Armenia Closed Joint Stock Company [10], and as a result of the first stage the company Midland Resources Holding ltd (registered on February 20, 1998 .in Guernsey) became the holder of 80.1% shares of the Company. Afterwards, Midland Resources Holding ltd acquired the remaining 19.9% shares of the Company.

The Distribution License is a part of the Privatization Agreement.

In 2005, based on the agreement signed between Interenergo B.V. (registered in April, 2004. in the Netherlands) and Midland Resources Holding ltd, the Company passed into the control of INTER RAO group of companies.

On September 30, 2015, an agreement on purchase and sale of electric power assets of the RA was signed between LIORMAND HOLDING LIMITED (registered in Cyprus, on November 30, 2010) and INTER RAO HOLDING B.V.

Since April 14, 2017, 70% of the Company's shares has been owned by Tashir Capital closed joint-stock company (registered by the State Register of Legal Entities of the RA on December 22, 2016.-, registration number: 286.120.939597), and 30% - by LIORMAND HOLDING LIMITED.

Currently, the Company is making investments in accordance with the program approved by the Public Services Regulatory Commission (hereinafter - the Commission). In 2016 the Commission approved the Company's investment program for the years 2016-2020, for the total amount of AMD 347.7 billion. Afterwards, considering the growth of the investment volumes, the investment program was revised and the program for years 2018-2027 was approved in 2017, increasing the total amount to AMD 416.2 billion.

The information regarding the investment program is presented in Section 3.3.3 of the Prospectus.

In view of liberalization of the RA energy market, the Company's functions were separated from the licensing standpoint, as a result of which the Company received a license for guaranteed supply of electricity in the Republic of Armenia, based on license ԼԲ N 0633 issued in accordance with the Commission's decision N 748-A as of December 21, 2018 (hereinafter - Guaranteed Supply License) valid until July 1, 2025.

On January 30, 2020, one of the leading international rating agencies - Moody's Investors Service (hereinafter also - Moody's) for the first time issued Ba2 rating with stable outlook to the Issuer, which was one rating higher than the rating issued to the RA by the same agency. In 2022 and 2023, Moody's reaffirmed the Company's Ba2 rating (with negative outlook).

The information about the Issuer's rating is presented in Section 2.6.3 of the Prospectus.

Mission of the Company:

- contribute to the economic development and well-being of the population by providing reliable, high-quality and affordable power supply.

[9] www.arlis.am/DocumentView.aspx?DocID=48751
[10] The draft version of the agreement is available at the following link: https://www.arlis.am/DocumentView.aspx?docid=9822

Strategic goals of the Company:

- providing high-quality power supply to consumers;
- improving customer service;
- cutting operating costs, including reduction of electricity losses by up to 6.4%;
- collecting no less than 99.5% of payments for the supplied electricity.

For the purpose of sustainable development of the Company, meeting the needs and expectations of the beneficiaries to the maximum extent, resisting external challenges and neutralizing internal negative factors and risks, the Company has set the following strategic directions for development:

- enhancement of the management system;
- implementation of structural reforms aimed at centralization of management, introduction of a phased approach and formation of the Company's organizational structure on the basis of the Company's business engineering;
- public offering of shares (IPO) on the international capital market;
- improvement of the automated systems of electricity loss management and billing;
- modernization of the production infrastructure in order to increase the level of safety, reliability and quality of power supply, reduce technological losses and ensure growing demand for electricity;
- transition from planned, preventive management model to a model operating on the basis of risk assessment and corporate goals;
- implementation of the corporate social responsibility policy;
- upgrade and digitalization of business processes;
- environmental protection.

Strengths of the Issuer

The strengths of the Issuer, attributed also to the Issuer's natural monopoly in the power market (exclusive character of licenses) are presented below:

- stable, established and transparent regulatory regime (long-term mechanisms for reimbursement of costs and approved investments);
- strong and predictable operating cash flows;
- possessing a rating higher than the sovereign rating of the RA;
- lack of risk due to the change in the volume of purchased/sold electricity (capacity) (change in the energy balance);
- managerial staff consisting of the industry professionals;
- effective implementation of investment programs;
- effective cooperation with international financial institutions;
- protection against exchange rate fluctuations: losses incurred as a result of exchange rate fluctuations are compensated in accordance with the terms of the Distribution License.

It should be noted, that changes to the license terms (including the tariff calculation methodology) cannot be made without the Company's consent, except when the intended changes are necessary to ensure proper performance of the requirements of RA laws and regulatory acts. Furthermore, where the Company incurs additional costs due to such changes, according to the terms of the Distribution License, they are compensated by the tariff margin and/or the distribution service tariff.

2.9.1.1 *Name and legal form of the Issuer*

Issuer's name

	Full official name	Short business name
in Armenian	«Հայաստանի էլեկտրական ցանցեր» փակ բաժնետիրական ընկերություն	«ՀԷՑ» ՓԲԸ
in Russian	Закрытое акционерное общество «Электрические сети Армении»	ЗАО «ЭСА»
English	"Electric Networks of Armenia" closed joint stock company	"ENA" CJSC

Electric Networks of Armenia closed joint-stock company (hereinafter - ENA, the Issuer or the Company) was established in May, 2002 through merger of North Electric Network, South Electric Network and Central Electric Network closed joint-stock companies with Yerevan Electric Network closed joint-stock company and renaming the latter in accordance with the Republic of Armenia Government decree # 152 dated February 21, 2002 "On the Measures Aimed at Improving the Republic of Armenia Energy System Management". Yerevan Electric Network CJSC was established and registered on April 21, 1997.

Electric Networks of Armenia CJSC is the legal successor of North Electric Network, South Electric Network and Central Electric Network closed joint-stock companies.

	Trademark	Name	Registration number	Registration date
1.		ENA	11002	November 07, 2006
2.		ENA	25119	October 21, 2016
3.		ENA	25120	October 21, 2016

2.9.1.2 *State registration number of the Issuer and place of business*

The Issuer's country of incorporation:	Republic of Armenia
The Issuer's state registered address:	127 Amirbekyan St., Yerevan, 0047, RA
The Issuer's state registration number:	273.140.01857
The Issuer's state registration date:	April 21, 1997
The Issuer's place of business:	127 Amirbekyan St., Yerevan, 0047, RA
Contact details:	Phone: +374 (10) 65 00 86 Email: office@ena.am Website: www.ena.am

2.9.2 Historic Milestones

In May 2023, Moody's reaffirmed the Company's Ba2 rating with negative outlook.

2.9.3 Investments

The issuer's investment program was approved by the Commission with the budget of AMD 347.7 billion. Later the volumes of planned investments for new subscribers increased and the total amount of the program reached AMD 416.2 billion. The implementation of the program started in 2016. The sources of funding of the program are the loan proceeds received from international financial institutions (ADB, EBRD, IFC) and the company's own funds.

The goals of the investment program are:

- fundamental improvement of the electricity distribution function,
- ensuring occupational safety conditions,
- ensuring application of international environmental standards,
- expansion of the distribution network,
- reduction of technical losses of electricity and exclusion of commercial losses,
- reduction of current operation and maintenance costs,
- increase of technical and administrative manageability,
- modernization of electricity metering systems,
- connecting new subscribers to the network,
- introduction of management information system (MIS) and international management standards (ISO),

The total budget of the investment program amounts to AMD 416.2 billion. Actual investments out of the said budget as of June 30, 2023 comprised AMD 223.5 (48.9% of the total budget).

The directions of the investment program are specified below:

million AMD		Actual January 1, 2016 - June 30, 2023	Plan					Total
			2023	2024	2025	2026	2027	
1.	Replacement and modernization of equipment in 6(10)/0,4 kV networks	32,675	634	276	250	4,382	6,948	45,165
2.	Reconstruction and modernization of power transmission lines in 35 - 0,4 kV networks	37,672	740	909	950	9,831	8,833	58,936
3.	Network expansion and connection of new subscribers	67,720	34,471	26,308	30,828	13,752	13,452	186,530

4.	Other emergency recovery and reconstruction works of non-current nature	5,950	24	10	17	110	135	6,247
5.	Installation of automated electricity metering system in 0.4 kV networks	67,676	12,969	12,969	12,969	-	-	106,583
6.	Implementation of international management standards, installation of automated metering systems and other investments	11,839	110	35	65	412	319	12,781
Total		223,532	48,947	40,508	45,080	28,487	29,687	416,242

Program on Replacement and Modernization of Equipment in 6(10)/0,4 kV Networks

Objective of the program:

- Reduction of the frequency and duration of power outages among subscribers due to increased selectivity of emergency power outages
- Creation of a unified system of remote control for 110-6 kV networks; reduction of the time required for eliminating the power supply failures
- Reduction of the time required for eliminating the power supply failures
- 13-15% reduction in operating costs due to installation of maintenance-free equipment
- Reduction of electricity losses by 0.3 percentage points
- Increasing the quality of supplied electricity in reactive power consumption areas
- Preparatory works for adoption of a network code

Overview of the Program

- Maintenance-free vacuum circuit breakers equipped with modern relay protection and remote control systems managed from one center will be installed instead of physically and morally worn out oil circuit breakers in power distribution stations (in 210 out of 252 power distribution stations)
- Replacement of equipment in transformer substations (3280 single-transformer substations and 1528 two-transformer substations)
- Replacement of low voltage equipment of 110 kV substations (40 substations – 800 switchgear and control gear).
- Installation of reactive power compensating capacitors in 60 power distribution stations and 6(10) kV section of 110/35/10 kV substations, as well as in the low voltage section of 50 transformer substations.

Implementation Method

- The assembly stage of the equipment production process is planned to be organized in Armenia. Deployment of the equipment within the scope of the program will be outsourced. For efficient deployment of modern equipment, standard assembly projects for complementing the power distribution stations and transformer substations with such equipment have been developed.

Solutions to Environmental Issues

- It is planned to hand over the metal components of the dismantled equipment to respective companies. For the operation of the transformer fleet, it is planned to recover the used oil. The oil containing toxic elements will be stored under appropriate conditions in the Company's separate warehouse, until establishment of its neutralization landfill in the Republic of Armenia.

The table below shows the schedule of the sub-projects implemented within the framework of the Program on Replacement and Modernization of Equipment in 6(10)/0,4 kV Networks.

million AMD		Actual January 1, 2016 - June 30, 2022	Plan					Total
			2023	2024	2025	2026	2027	
1	Replacement of equipment in power distribution stations	8,427	79	71	69	1,312	2,031	11,989
2	Replacement of equipment in single-transformer substations	1,989	88	77	75	1,412	2,179	5,821
3	Replacement of equipment in two-transformer substations	315	77	69	67	1,272	1,970	3,769
4	Replacement of power transformers in 10/0.4 kV substations	7,074	7	3	3	30	37	7,154
5	Replacement of 10 kV equipment in 110-35 kV substations	14,650	376	53	32	322	689	16,122
6	Deployment of reactive power compensation systems	220	7	3	4	35	42	311
Total		32,675	634	276	350	4,382	6,948	45,165

Investment program on Reconstruction and Modernization of Power Transmission Lines in 35 - 0,4 kV Networks

Objective of the Program

- Reduction of the average annual frequency and duration of power outages among consumers as well as the frequency and the time required for elimination of power supply failures
- Increase of the level of operational safety and reduction maintenance costs
- Improvement of the power supply network in the entrances of multi-apartment buildings
- Reduction of maintenance costs by up to 10% due to reduced repair works.

Overview of the Program

- It is planned to replace over 160 km of 0.4 kV cable line.
- Complete reconstruction of 0.4 kV overhead line with the use of self-carrying insulated wires.
- Partial reconstruction of 6(10) kV cable line (replacement of about 170 km of cable line)

- Partial reconstruction of 10 kV overhead line by complementing it with self-carrying insulated wires
- It is planned to reconstruct about 65 km of 35 kV cable line.

Implementation Method

- Implementation of the program will be outsourced. Self-carrying insulated wires and 0.4-10 kV cables are manufactured in the RA, which allows to reduce the cost price, and on the other hand, to create additional jobs.

  In order to reduce the costs of construction of the cable lines, it is planned to combine the land works with the works on other network structures (water supply and drainage, gas distribution, communication, etc.) thus reducing the inconvenience caused by such works.

Solutions to Environmental Issues

- Dismantled wires are used in the production of self-carrying insulated wires thus allowing for cost price reduction. The pillars that are no longer suitable for operation are sent to organizations with appropriate license for recycling.

The table below shows the schedule of the sub-projects implemented within the framework of the Program on Reconstruction and Modernization of Power Transmission Lines in 35 - 0,4 kV Networks.

million AMD		Actual January 1, 2016 - June 30, 2022	Plan					Total
			2023	2024	2025	2026	2027	
1	Construction and reconstruction of 0,4 kV cables lines	2,521	45	19	24	207	253	3,069
2	Construction and reconstruction of 0,4 kV overhead lines	10,675	179	35	44	380	464	11,778
3	Construction and reconstruction of 6(10) kV cables lines	5,906	217	90	112	967	1,148	8,439
4	Construction and reconstruction of 6(10) kV overhead lines	2,590	81	35	43	373	456	3,577
5	Optimization of 5 10 and 0,4 kV overhead network through installation of pole-mounted substation system with 10kV lines interpenetration scheme	7,150	184	714	708	7,740	6,311	22,807
6	Reconstruction of intrabuilding network	3,023	36	15	19	164	201	3,458
7	Reconstruction of 35 kV cable lines	5,808	-	-	-	-	-	5,808
Total		37,672	740	909	950	9,831	8,833	58,936

Investment Program on Network Expansion and Connection of New Subscribers

Objective of the Program

- Fulfillment of license requirements, according to which the company must connect new subscribers to the network.
- The Program also includes investments aimed at eliminating capacity shortages in network segments.

Overview of the Program

- The volume of works for connecting new subscribers to the network increased more than three times in 2016-2022, which led to the revision of the company's investment plans.
- In order to cover the power shortage in the center of Yerevan, the company implemented the following projects: reconstruction of the Purak substation (35/6kV), increase of the power transmission of YerHEK through construction of a power distribution station with 6(10) /0.4 kV built-in transformer substation at 1 Atgatangeghos st.
- There are two 40 MW 110/35/6 kV voltage transformers installed in Tsitsernakaberd 110/35/6 kV substation.
- Within the scope of the program 15 MW cable lines were transferred to the newly constructed power distribution station (a new 6/0.4 kV power distribution stations with 6x1000 kW capacity near the Main road).
- Due to the stoppage of Nairit CJSC two 63 MW 110/35/6 voltage transformers located in Nairit substation did not work. The specified transformers were moved to Southern and Central substations, thus covering partially the power shortage in the center of Yerevan.

Implementation Method

- Implementation of the program is outsourced.

The table below shows the schedule of the sub-projects implemented within the framework of the Program on Network Expansion and Connection of New Subscribers.

million AMD		Actual January 1, 2016 - June 30, 2022	Plan					Total
			2023	2024	2025	2026	2027	
1	Connection of new subscribers to the Company’s network.	61,950	34,071	26,308	30,828	13,752	13,452	180,360
Sub-projects aimed at network expansion								
2	Reconstruction of Purak 35/6 kV substation in Yerevan	1,068	-	-	-	-	-	1,068

3	Construction and expansion of power distribution stations	571	-	-	-	-	-	571
4	Construction of a new 6/0.4 kV power distribution substation with 6x1000 kW capacity in Yerevan	383	-	-	-	-	-	383
5	Reconstruction of Teryan 35/10 kV substation in Ejmiatsin, Armavir region	11	-	-	-	-	-	11
6	Enhancement of Yerevan network and ensuring supply reliability	2,778	-	-	-	-	-	2,778
7	Installation of 3rd transformers in Central 110/35/6 substation and Southern 110/35/6 substation and conservation of Nairit 110/35/6 substation	960	400	-	-	-	-	1,360
Total		67,720	34,471	26,308	30,828	13,752	13,452	186,530

Investment Program on Implementation of Other Emergency Recovery and Reconstruction Works of Non-current Nature

Objective of the Program

- Ensure restoration of the company's normal operation hindered due to breakdowns and capital repair and replacement of the equipment that has become unfit for use.

Overview of the Program

- Implementation of capital repair works in 100-35 kV networks.
- Capital repair of equipment and industrial buildings

Implementation Method

- Works are organized and implemented in accordance with the company's standard business processes, by use of modern management technologies.

The table below shows the schedule of sub-projects implemented within the framework of the Program on Implementation of Other Emergency Recovery and Reconstruction Works of Non-current Nature.

million AMD		Actual January 1, 2016 - June 30, 2022	Plan					Total
			2023	2024	2025	2026	2027	
1	Reconstruction of 35 kV overhead and cable lines	1,046	9	4	6	41	50	1,156

2	Reconstruction of 110 kV overhead lines	815	9	4	6	39	48	921
3	Replacement of equipment in 110,35 cells of 110-35 substation	2,206	-	-	-	-	-	2,206
4	Reconstruction of industrial buildings	1,884	7	3	5	30	37	1,966
Total		5,950	24	10	17	110	135	6,247

Investment Program on Installation of Automated Electricity Metering System in 0.4 kV Networks

Objective of the Program

- Reduction of energy losses
- 5% reduction in running costs due to cutting staff
- Full transition to the automated electricity metering system

Overview of the Program

- All subscribers will be connected to the company's automated electricity metering system.

Implementation Method

- Implementation of the program will be outsourced. Currently, within the framework of the investment program, a large-scale program on installation of automated electricity control and metering system in 10-0.4 kV networks is implemented. Under this program it is planned to connect about 1 million subscribers to the system, as well as to install metering devices on the outgoing 0.4kV lines of all 6(10)/0.4 kV transformer substations.

The table below shows the schedule of the sub-projects implemented within the framework of the Program on Installation of Automated Electricity Metering System in 0.4 kV substations.

million AMD		Actual January 1, 2016 - June 30, 2022	Plan					Total
			2023	2024	2025	2026	2027	
1	Replacement of electricity meters	2,262	-	-	-	-	-	2,262
2	Reconstruction of low voltage section of 6(10)/0,4 kV substations in Yerevan for connecting to the automated electricity control and metering system.	133	-	-	-	-	-	133

3	Connection of electronic meters installed in 6(10)/0,4 kV substations in Yerevan to the automated electricity control and metering system.	9,923	12,969	12,969	12,969	-	-	48,830
4	Installation of automated electricity control and metering system in 0,38/0,22 kV networks.	55,358	-	-	-	-	-	55,358
Total		67,676	12,969	12,969	12,969	-	-	106,583

Investment Program on Implementation of International Management Standards and Installation of Automated Metering Systems

Objective of the Program

- Development and introduction of Integrated Quality Management System (ISO 9001), Environmental Management System (ISO 14001), Occupational Health and Safety Assessment System (OHSAS 18001) and Energy Management System (ISO 50001, ISO 50004) and obtaining certificates of compliance with the requirements of the specified systems.

Overview of the Program

- Writing a detailed work plan for the development, introduction and integration of the management systems. Developing a guide for the Integrated Quality Management System, Environmental Management System, Occupational Health and Safety Assessment System and Energy Management System.

Implementation Method

- Implementation of the program is outsourced.

Sub-projects implemented within the scope of Other Investments program

Objective of the Program

- Investments are aimed at ensuring normal operation of the Company.

Overview of the Program

- The company invests funds to maintain the operability of management and economic infrastructure. Such investments are mainly aimed at repair of the buildings, purchase of furniture and household goods and replenishment of the company's vehicle fleet and construction services with modern vehicles and special equipment. Within the framework of the program it is planned to establish a temporary reservoir of oils containing harmful elements, as well as to purchase and install pads preventing oil leakage under transformers.

Implementation Method

- It is planned to outsource the implementation of the program (repair of administrative buildings, purchase of property, etc.)

The table below shows the schedule of the sub-projects implemented within the framework of the Program on Introduction of International Management Standards and Installation of Automated Metering Systems and Other Investments Program.

N	Sub-projects	Actual January 1, 2016 - June 30, 2022	Plan					Total
			2023	2024	2025	2026	2027	
1	Introduction of ISO standards	160	-	-	-	-	-	160
2	Installation of Automated Metering and Management Systems							
2.1	Software solution	329	2	1	2	10	13	357
2.2	Purchase of computer hardware	1,125	15	6	11	69	84	1,310
3	Other investments							
3.1	Capital repair of the administrative buildings	1,387	8	3	6	37	46	1,487
3.2	Purchase of machinery	6,080	34	-	-	-	-	6,114
3.3	Investments aimed at environmental reforms	805	15	6	11	68	84	989
3.4	Introduction of GIS system	-	15	6	11	69	-	101
3.5	Acquisition of other property	1,955	20	12	25	158	93	2,262
Total		11,839	110	35	65	412	319	12,781

Technical Audit of Investment Activities

It should be noted that since 2022 the Commission has initiated annual audit of the Issuer's investment activities with the aim of receiving objective and well-grounded opinion of an independent specialized organization about the investment program implemented by the Company and the procurements of the current year for full or partial inclusion or rejection of investments in the tariff of electricity provided to consumers. on the purchases made in the year. Such opinion is provided through the use of targeted methods and tools for verifying the reliability and justification of investments.

Based on the results of the tender announced by the Commission in 2022, BDO Armenia was declared the winner to conduct the audit of the Issuer, with which the Commission signed a relevant contract.

Based on the technical audit, BDO Armenia prepared a report on the results of the technical audit of the investment activities (capital expenditures) of ENA CJSC in 2021. According to the report, the value of the omissions and shortcomings identified within the scope of 2021 technical audit of the company’s investment

program amounted to about AMD 711 million. The latter doesn't have any material impact on the Company's financial performance.

Technical audit of the Issuer's 2022 investment activities will also be performed by BDO Armenia.

2.10 Business Overview

2.10.1 Core Business

The main activities of the Company are purchase of electricity, regulated distribution of electricity and supply of electricity to consumers.

The Company buys electricity from immediate producers based on direct contracts (as well as on other grounds specified by the license), in the actual volumes determined by Electric Power System Operator CJSC that administers the power system, managing electricity generation regimes and flows.

Tariffs for electricity (capacity) purchased by the Company from electricity producers and those for electricity sold to consumers, tariffs for provision of distribution services, as well as fees for connecting to the electric network are determined by the Commission.

The table below contains information about the electricity purchased by the Company, in million kilowatt-hours (hereinafter - million kWh):

million kWh	2016	2017	2018	2019	2020	2021	2022	2023, HI
Purchase of electricity	6,138	6,443	6,011	6,445	6,465	6,887	6,967	2,887
Loss in the distribution network[11]	*96*	*102*	*103*	*87*	*99*	*92*	*13*	-
Supply of electricity to the distribution network	6,040	6,339	5,908	6,358	6,366	6,795	6,954	2,887
Loss in the distribution network (%) [12]	*1.6%*	*1.6%*	*1.75%*	*1.37%*	*1.55%*	*1.36%*	*0.18%*	-
Loss in the distribution network	*587*	*539*	*475*	*442*	*444*	*446*	*459*	223
Productive supply of electricity	5,454	5,799	5,432	5,916	5,922	6,349	6,496	2,664
Loss in the distribution network (%) [13]	*9.7%*	*8.5%*	*8.0%*	*7.0%*	*7.0%*	*6.6%*	*6.6%*	7.7%

The company also purchases production capacity to cover the demand in electricity within a short period of time. The table below contains information about purchased capacity, in million megawatts (hereafter - million MW):

	2016	2017	2018	2019	2020	2021	2022	2023, HI
Purchase of capacity	19.74	23.41	23.08	22.61	22.49	21.22	13.75	28.25

[11] Due to liberalization of the market, starting from 2023, the loss of electricity purchased in the transmission network is not included into the volume of electricity supplied to the distribution networks.
[12] Is calculated as the ratio of *loss in the transmission network* to *supply of electricity to the distribution network*
[13] Is calculated as the ratio of *loss in the distribution network* to *supply of electricity to the distribution network*

The decrease in the volume of capacity purchases in 2022 is mainly due to the definition of a single tariff for the electricity purchased from power generating plants that entered the free market as a result of liberalization of the electricity market (previously a dual-tariff for electricity and capacity was applied).

The table below shows the purchase structure of electricity (million kW) and capacity (million MW) according to energy producers.

		2016	2017	2018	2019	2020	2021	2022	2023, H1
Armenian Nuclear Power Plant CJSC	Electricity	2,195	2,411	1,898	2,029	2,552	1,853	2,631	933
	Capacity	3.394	3.667	2.842	3.132	3.889	2.849	0.420	-
Contour Global Hydro Cascade CJSC	Electricity	982	935	896	984	538	932	733	293
	Capacity	4.555	4.717	4.033	2.990	2.027	3.603	3.606	2.322
Yerevan TPP CJSC	Electricity	838	880	990	1,087	872	845	541	197
	Capacity	2.519	2.495	2.164	2.593	2.441	2.567	0.234	23.683
Yerevan TPP CJSC (Balancing Service)	Electricity	-	-	-	--	-	-	189	131
International Power Corporation CJSC	Electricity	396	457	402	413	394	446	382	162
	Capacity	4.607	4.222	4.481	4.585	4.727	4.694	0.272	0
Hrazdan Power Company (HRAZTPP) CJSC	Electricity	409	295	291	46	612	1,462	490	3
	Capacity	4.668	4.670	4.669	4.669	4.669	6.931	4.370	0.377
Gazprom Armenia CJSC	Electricity	323	393	459	378	421	-	3	0
	Capacity	-	3.638	4.896	4.643	4.733	0.440	2.939	0.440
Armpower CJSC	Electricity	-	-	-	-	-	142	912	642
	Capacity	-	-	-	-	-	0.133	1.912	1.430
Energy Supply CJSC	Electricity	9	179	-	5	-	287	96	-
Import	Electricity	29	28	52	101	198	6	-	-
Other (small power plants)	Electricity	957	865	1,004	962	863	914	989	525

The table below presents the volumes of electricity supplied by the Company (from 2022 also distributed to consumers of the liberalized sector of the market) (million kWh) according to the population, sectors of the economy and consumer groups:

	2016	2017	2018	2019	2020	2021	2022	2023, H1
Population	1,854	1,906	1,815	1,927	1,977	2,026	2,048	1,021
State-financed organizations	225	234	212	216	194	208	216	115

Manufacturing	1,378	1,440	1,266	1,365	1,502	1,516	1,223	262
Transport	100	102	96	102	89	94	99	37
Irrigation	115	158	170	154	144	172	173	55
Potable water	59	67	62	65	63	68	60	18
Other consumers	1,699	1,867	1,789	2,067	1,932	2,244	2,315	1,178
Consumers of the liberalized sector of the market	-	-	-	-	-	-	341	519
Total	**5,430**	**5,774**	**5,410**	**5,895**	**5,901**	**6,328**	**6,475**	**3,205**

The table below shows the information on the average monthly consumption of electricity by the population (kWh) and collection of payments for the electricity bills from the population (%).

	2016	2017	2018	2019	2020	2021	2022	2023, H1
Average monthly consumption of electricity by the population	185	189	179	187	191	192	191	193
Collection of payments for the electricity bills	100.23	101.30	100.19	99.97	99.91	100.10	100.10	99.95

2.10.1.1 *Licenses*

The Company operates based on the Distribution License and Guaranteed Supply License.

	License	Number	Issued on/by:	Valid until
1	Electric energy (capacity) distribution license	№0092	August 30, 2002	indefinite term
2	Electric energy (capacity) guaranteed supply license	ԼԷ N 0633	December 21, 2018	July 01, 2025
3	License for drafting engineering sections of urban development documents (except for the construction section, as well as works not requiring a construction permit)	ՔՊԼ 17380	December 25, 2019	indefinite term

According to the terms of these licenses, the Company cannot engage in the licensed activity of electricity generation and supply (other than guaranteed supply of electricity). The company cannot be issued a wholesale electricity license either.

In case of need to extend the validity term of the Guaranteed Supply License ԼԷ N 0633, the Company will submit an appropriate application to the Commission in the manner and within the timeframe set by the Commission.

Distribution license

The company carries out electricity (capacity) distribution activities in the territory of the Republic of Armenia based on the Distribution License and the following functions:

- Electricity (capacity) distribution to wholesale and retail market players, including to vulnerable consumers,
- Regulation of the distribution network,

- Construction (reconstruction) of the distribution network, maintenance, operation, management, storage and improvement of the distribution network in an efficient, economically justified and systematic way to ensure uninterrupted electricity supply to consumers at minimum costs in the long run,
- Connection of a person's new or reconstructed consumption system or plant to the distribution network under non-discriminatory conditions,
- Ensuring non-discriminatory access of any person to the distribution network in accordance with the commercial and network rules of the electricity market approved by the Commission (hereinafter referred to as "the Market Rules"),
- Electricity metering and billing in accordance with the Market Rules,
- Other functions specified in the Market Rules.

The company has the exclusive right to distribute electricity (capacity) to consumers in the Republic of Armenia, regulate the distribution network, connect to the distribution network, as well as provide access to the distribution network.

It should be noted that the Distribution License is part of the Privatization Agreement.

Guaranteed supply license

The company carries out electricity (capacity) distribution activities in the territory of the Republic of Armenia based on the Distribution License. These function particularly includes

- Supply of electricity at the tariffs set by the Commission to all consumers who do not use the services of another supplier, or the supplier selected by which does not supply electricity for reasons beyond the consumer's control,
- Electricity supply to all vulnerable consumers at the tariffs and order set by the Commission,
- Purchase of electricity (capacity) from power generating plants having electricity purchase guarantee, within the terms, volume and order set by the RA Law "On Energy" and public-private partnership transactions in order to satisfy the demand,
- Purchase of electricity (capacity) from the wholesale electricity market in order to meet consumer demand, in the cases and order defined by the Market Rules,
- Purchase of electricity (capacity) from autonomous energy producers in order to meet the demand of consumers, in the cases and order defined by the Market Rules,
- Import of electricity (capacity) in order to meet the demand of consumers, in the cases and order defined by the Market Rules,
- Sale of excess electricity (capacity) to the wholesale power market players, in the cases and defined by the Market Rules,
- Collection of payments for the supplied (sold) electricity in accordance with Market Rules,
- Other functions specified in the Market Rules.

The Company performs electricity distribution activities using its own 0.38, 6(10), 35 and 110 kV overhead and cabled electricity transmission lines, substations and power distribution stations. The company serves more than 1 million consumers and owns over 26,000 km overhead power transmission lines and over 9,000 substations and transformer buildings.

2.10.1.2 *Revenue and EBITDA*

The Company's revenue is mainly generated from the sale of electricity. Other sources of revenue include electric grid connection works and electricity transmission services.

million AMD	2016	2017	2018	2019	2020	2021	2022	2023, HI
Sale of electricity	192,743	189,999	180,147	192,776	191,102	214,697	239,945	101,307
Electric grid connection works	846	1,027	1,265	1,286	1,390	1,899	2,647	1,209
Electricity transmission services	-	-	-	-	-	-	861	1,500
Total revenue	**193,588**	**191,026**	**181,412**	**194,062**	**192,492**	**216,596**	**243,457**	**104,017**

2022 YoY increase in revenue is mainly due to about 2.3% increase in the volume and 9.7% increase in the average tariff of the electricity sold.

The table below shows the dynamics of the Company's adjusted earnings before interest, taxes, depreciation and amortization (hereinafter EBITDA)[14].

million AMD	2016	2017	2018	2019	2020	2021	2022	2023, H1
EBITDA	41,036	28,282	26,298	29,511	26,318	37,144	35,861	13,315

2.10.1.3 *Tariff policy*

The tariffs for the Issuer's services are regulated by the Commission.

The principles of tariff formation defined by the RA Law "On Energy" are as follows:

- Ensuring compensation for justified operation and maintenance costs, depreciation of fixed assets and amortization of intangible assets required for carrying out licensed activities in accordance with the terms of the license;
- Ensuring a reasonable profit;
- Inclusion of justified loan servicing costs;
- Differentiation of tariffs based on the volume of consumption, ordered capacity, time of year, hours of the day, connection conditions, types of services and vulnerability of consumers;
- Inclusion of justified and necessary insurance costs;
- Inclusion of justified costs necessary for ensuring environmental standards;
- Inclusion of the costs of conservation and maintenance of power plants stipulated by the energy sector development program approved by the RA government;
- Ensuring the necessary costs of storage of the consumed nuclear fuel and the necessary allocations to the nuclear power plant decommissioning fund;
- Inclusion of justified technical and commercial losses;
- Inclusion of other justified and necessary costs stipulated by the laws and regulations;

[14] Calculation was performed based on audited financial statements.

- Inclusion of justified additional costs incurred or additional revenues received by the licensee due to the changes made to the license by the Republic of Armenia laws and regulations or by the initiative of the Commission;
- Not including the costs of other economic activities in the tariffs defined for the licensed activities.

Electricity distribution service tariffs are defined (calculated) according to the methodology[15] approved by the Commission's decision #520-Ն dated November 29, 2022 and the terms of the Distribution License.

Tariffs of the electricity sold to the consumers are defined (calculated) according to the methodology approved by the Commission's decision #520-Ն dated November 29, 2022 and the terms of the Guaranteed Supply License.

The components of the current electricity tariffs are set out in the terms of the Distribution and Guaranteed Supply Licenses.

Tariffs may be changed no more often than once every six months.

The actual process of tariff formation takes place every year and consists of several stages. At the first stage, based on the information received from the market players, the Commission prepares an annual forecast of electricity consumption (kWh) in Armenia, including per voltages (220 and 380 V, 6, 10, 35 and 110 kV) and consumption time (night and day). Thus a forecast of electricity consumption at each approved tariff, weighted average tariff for electricity consumption and the total revenue of Electric Networks of Armenia CJSC from the electricity consumption in the domestic market of Armenia is formed by the Commission expressed in money terms.

According to the methodology for calculating the licensee's required revenue and tariff margin, the Issuer's required revenue for the fiscal year is calculated as the sum of the following items, less other revenues:

1. cost of purchased electricity (including the cost of inevitable technological losses),
2. operation and maintenance costs necessary for the implementation of the licensed activity,
3. investment costs,
    - depreciation of property, plant and equipment and amortization of intangible assets,
    - amount of the allowable profit generated from the net assets used for the implementation of the licensed activity (rate of return from the net assets is set at 12% for AMD and 10% for foreign currency),
4. amount of bad receivables,
5. reimbursement amount in case of energy balance deviation,
    - reimbursement amount formed as a result of deviation of the actual and calculated values of the difference in the necessary revenue of the licensee and the cost of purchased electricity,

According to the methodologies of calculating the required revenue, in the tariff calculations the losses in the electricity distribution network and the electricity used for own needs, the salary costs, material and repair costs, operation and maintenance costs and bad receivables are defined. The methods of calculating the required revenue also define the investment components, in particular, the amounts of depreciation, profit and reimbursement. Thus, the profitability of the Company largely depends on the investments made by the Company.

[15] https://www.arlis.am/DocumentView.aspx?docid=171145

Considering the fact that the Company's financial flows are related to the required revenue and tariff margin, and the latter is regulated by the methodology and license terms established by the Commission's decision, according to the Company's management, the latter's financial performance has no tendency to undergo negative changes.

Below the comparison of the actual and calculated (approved by the Commission) values of the difference in the Company's required revenue and the cost price of the purchased electricity (hereinafter referred to as "Margin") is presented:

million AMD	2016	2017	2018	2019	2020	2021	2022
Actual Margin[16]	67,965	56,022	51,978	55,023	50,928	64,853	60,506
Calculation Margin[17]	48,581	49,035	48,796	47,023	51,008	60,532	59,023

2.10.2 Main markets

The company operates in the RA electricity market.

Electricity (capacity) trading is carried out on wholesale and retail electricity markets based on signed contracts.
Wholesale electricity market players are the entities holding licenses for electricity (capacity) production, wholesale trade, supply, guaranteed supply, transmission and distribution as well as micro-energy producers and qualified consumers.

Retail electricity market players are the entities holding licenses for supply and guaranteed supply of electricity (capacity), autonomous energy producers and consumers (other than qualified consumers).

According to the information published by the Commission, as of January 1, 2023, the number of companies who received electricity production license exceeds 300.

Information about the main (major) energy producers is presented in the table below:

Company name	Power plant	Type of power plant	Installed capacity
Armenian Nuclear Power Plant CJSC	Armenian Nuclear Power Plant	Nuclear Power Plant	407.5 MW
Contour Global Hydro Cascade CJSC	Vorotan Hydro Cascade	Hydro power plant	404.2 MW
Yerevan TPP CJSC	Yerevan Combined Cycle Co-generation Power Unit 1	Thermal power plant	228.6 MW
International Power Corporation CJSC	Yerevan-Hrazdan Hydro Cascade	Hydro power plant	561.4 MW
Hrazdan Power Company (HRAZTPP) CJSC	Hrazdan thermal power plant	Thermal power plant	410 MW

[16] Calculated based on the Company's audited financial statements as the difference between revenue and cost price. Revenue calculation includes the revenue from sale of electricity and the revenue from transmission of electricity.
The revenue from the works of connection to the electric network and the additional revenue calculated for the Company according to the RA Law "On Approval of the Annual and Comprehensive Action Plans for Restoration, Preservation, Reproduction and Use of the Lake Sevan Ecosystem" are not included in the revenue calculation. Fees for purchased electricity (capacity) and fees for electricity transmission service are included in the cost price calculation.
[17] Calculation Margin is counted from February 1 to January 31 of the next year.

Gazprom Armenia CJSC	Hrazdan 5 Condensing Power Unit	Thermal power plant	467 MW
Armpower CJSC	Yerevan Combined Cycle Co-generation Power Unit 2	Thermal power plant	254 MW

Tariffs for electricity (capacity) sold by power producers to the guaranteed supplier, i.e. ENA, are regulated/set by the Commission.

The data on electricity produced in RA (million kWh) are presented below.

	2016	2017	2018	2019	2020	2021	2022	2023, H1
Produced electricity	7,315	7,763	7,777	7,632	7,723	7,675	8,908	4,270

According to the information published by the Commission, as of January 1, 2023, 7 companies received a license for wholesale trade in electricity.

The entity holding a license for wholesale trade in electricity is granted the right to buy electricity from the wholesale electricity market players, import electricity, sell it in the wholesale market and export it at non-regulated prices in the cases and manner prescribed by the Market Rules. Electricity can be exported only after meeting the demand for domestic consumption, which is confirmed by the electricity market operator.

According to the information published by the Commission, as of January 1, 2023, 14 companies received a license for supply of electricity.

The entity holding a license for supply of electricity has the right to buy and/or to import electricity (capacity) in the wholesale market in the cases and manner prescribed by the Market Rules and, subject to the terms of the license and executed agreements, must sell it to the consumers having signed a supply agreement with the latter. The surplus must be sold to wholesale electricity market players.

Electricity supply licenses have been issued since 2018 due to market liberalization. The first supply license was issued in 2021.

According to the Market Rules, a qualified consumer has the right to buy and/or import electricity (capacity) in the wholesale electricity market and sell its surplus to the wholesale electricity market participants. A legal entity with a demand for electricity consumption or an organization without the status of a legal entity, which is connected to 10 kV, 35 kV, 6(10) kV distribution network and meets the rules defined by the Commission is considered as a qualified consumer.

The electricity system operator, the electricity market operator, the entity holding an electricity (capacity) transmission license, the entity holding an electricity distribution license, as well as the entity holding a production license who has been granted the right to provide balancing services, provide services to the wholesale and retail electricity market players. Information about the latter (except for the person holding a distribution license) is presented in the table below:

Company name	Type of activity	Basic functions
Electric Power System Operator CJSC	Electricity system operator	- Short-term planning and regulation in the electricity system - Operational management of electricity system - Electricity transmission development planning - Ensuring the parallel operation of the RA electricity system with the regional electricity systems

Settlement Center CJSC	Electricity market operator	- organization of electricity market activities - registration of electricity market players - keeping records of contracts executed between wholesale electricity market players and electricity (capacity) import and export contracts
"High Voltage Electric Networks" CJSC	Electricity transmission	- Provision of electricity (capacity) transmission services - Construction/reconstruction of electricity transmission network
Yerevan TPP CJSC	Provision of balancing service	- trading in balancing electricity in the balancing market, - purchase and sale of electricity (capacity) in other segments of the wholesale electricity market, - export and import of electricity,

The shares of the above specified companies belong to the Republic of Armenia.

The following is not regulated in the electricity market:

- prices of electricity (capacity) sold by the supplier to consumers (other than the guaranteed supply of electricity),
- prices of electricity purchased and sold (including imported and exported) by an entity holding a wholesale trade license,
- prices of electricity (capacity) sold by an entity holding a license for production of electricity (capacity) after meeting the demand on the domestic market.

Electricity market liberalization

Amendments to the Energy Law, which became effective on July 1, 2018, provided legislative basis for the gradual liberalization of the electricity market and transition to a new model. The amendments envisaged introduction of competitive mechanisms in the unregulated market, ensuring of unhindered market access for the new players, promotion of regional trade and thus creation of opportunities to import cheaper electricity.

Before the transition to the new market model, the electricity market model was based on the single buyer-seller market model, according to which only the electricity distribution license holder had the right to buy electricity from producers in the wholesale electricity market and sell it to consumers. Moreover, the market was completely subject to regulation both in the wholesale and retail sectors. The import and export of electricity was also subject to regulation.

The rules of trading in electricity wholesale market of the RA and the template of the wholesale market contract were approved by the decisions N516-Ն and N518-Ն as of December 25, 2019 of the Commission, thus creating relevant legal and economic prerequisites for the liberalization of the electricity market and introduction of competitive market components and clarifying the trade relations in the wholesale market.

At the session of the RA Public Services Regulatory Commission held on January 5, 2022, the drafts decisions on amending and supplementing the trading and network rules of the wholesale and retail electricity markets of the RA and the templates of the electricity market contracts approved by the decisions # 516-Ն, 519-Ն, 359-Ն and 523-Ն as of December 25, 2019 of the Commission were discussed and adopted. According to the established regulations, from February 1, 2022, Armenia started to shift gradually to the new model of the electricity market.

Due to market liberalization,

- the functions of distribution and supply were separated; accordingly, there are other suppliers on the market, in addition to the guaranteed supplier, each operating as a licensed organization. At the same time, there is a guaranteed supplier operating in the market, which provides services at regulated prices. This enables the consumers to choose suppliers and whether to purchase electricity in the regulated or non-regulated market.
- Moreover, qualified consumers have the right to purchase electricity from electricity producers through direct contracts.,
- A new license was defined for wholesale electricity trading.
- The number of licensees operating in the wholesale market increased.

From February 1, 2023, the consumers that are directly connected to the transmission network or the producer, as well as all consumers of 110 kV and higher voltage with 1 million kWh or more electricity consumption in the previous calendar year, are required to obtain the status of a qualified consumer or choose another provider operating in the market. Otherwise, they will pay to the guaranteed supplier, i.e. ENA, for the consumed electricity at the tariff set by the Commission.

From February 2024, 35 kV electricity consumers who consumed 1 million kWh or more in the previous calendar year must join the free market. From February 2025, 6 (10) kV electricity consumers who consumed 1 million kWh or more in the previous calendar year as well as all other consumers who, regardless of the voltage, had an annual consumption of 1 million kWh or more, must also join the free market.

The consumer of the wholesale market can:

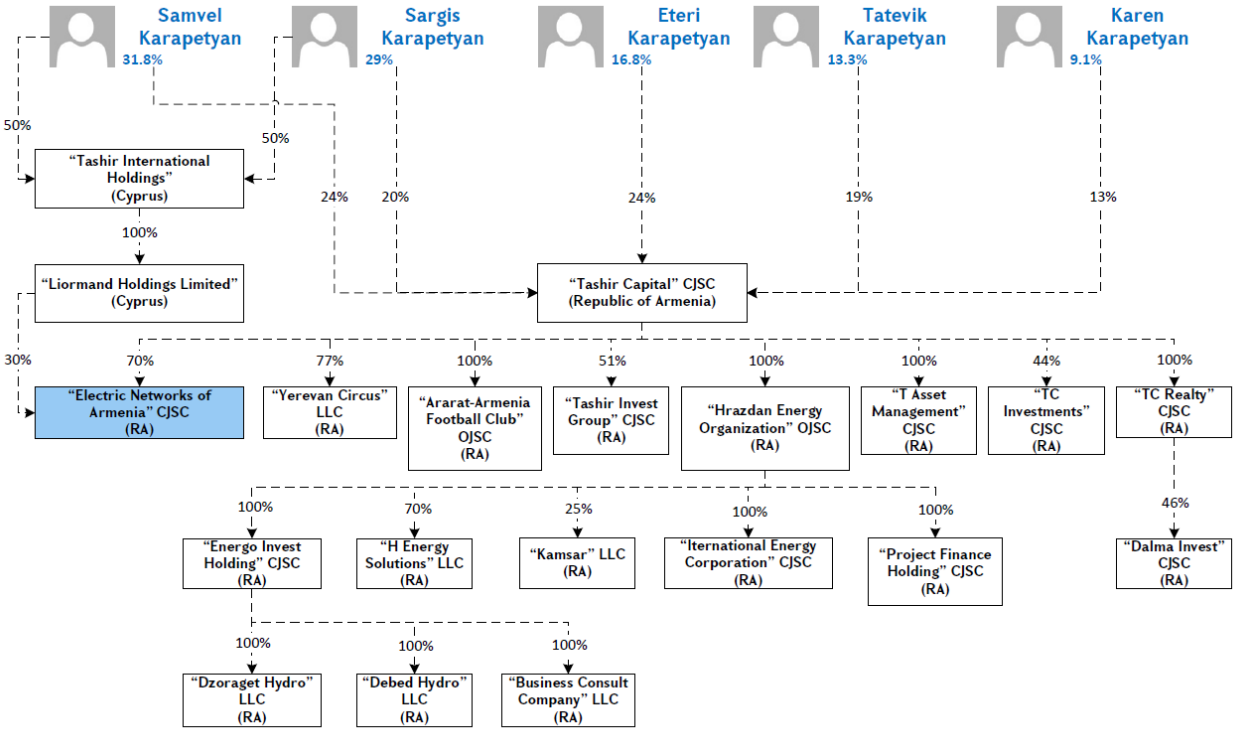
- act as a qualified consumer and purchase electricity directly from the producer, or
- purchase electricity from a supplier by executing an agreement with any person holding a supply license for a particular period.

2.10.3 Competitive Position

The company has a natural monopoly in the areas of electricity distribution and guaranteed supply.

2.11 Structure of the Issuer

2.11.1 Group structure



The Company shareholders are Liormand Holding Limited and Tashir Capital CJSC.

The beneficial owners of the company are Samvel Karapetyan (31.8%), Sargis Karapetyan (29%), Eteri Karapetyan (16.8%), Tatevik Karapetyan (13.3%) and Karen Karapetyan (9.1%).

Tashir Capital CJSC holding company has direct and indirect participation in a number of companies of the energy sector of Armenia.

2.11.1.1 *HrazTPP OJSC*

Hrazdan Power Company (HrazHPP) OJSC was founded based on the order of the Federal Agency for State Property Management No 291-ռ dated September 1, 2004. HrazHPP OJSC was established through investing in the charter capital of the company the property complex of Hrazdan Thermal Power Plant, which was transferred into the ownership of the Russian Federation in exchange for the repayment of the public debt of Armenia.

On November 8, 2004 the company was granted electricity production license N 0145.

At the regular session held on March 29, 2017, the Commission adopted a decision, based on which 100 percent of the shares of Hrazdan Power Company (HrazHPP) OJSC was sold to Tashir Capital closed joint stock company.

Detailed information about HrazHPP OJSC is available on the official website of the company: www.raztes.am

2.11.1.2 *Energy Invest Holding CJSC*

The Company was founded in 2015. Energy Invest Holding performs holding activities.

The Company's assets include Vahan hydro power plant.

Vahan HPP uses the hydroelectric potential of Karatoprak tributary of the Getik River. The plant put in service in 2012. The installed capacity of the plant is 1,300 kW.

2.11.1.3 *H Energy Solutions LLC*

The company is engaged in electricity and steam production, import and sale of energy products.

2.11.1.4 *Kamsar LLC*

Kamsar LLC is building Kamsar Hotel Complex and educational center.

The training center designed to prepare qualified engineers and mid-level technical specialists for energy sector enterprises will be located in the hotel complex constructed in Tsaghkadzor.

As an advanced educational, innovation and research hub, it will contribute to further development of the RA energy sector through carefully designed training programs. It will transform the intellectual capacity of students to successfully face the global challenges.

2.11.1.5 *International Power Corporation CJSC*

International Power Corporation (IPC) CJSC was registered in the Republic of Armenia on May 8, 2003. Based on the RA Government decree # 405Ա as of March 20, 2003 "On repayment of the nuclear fuel obligations of the Armenian Nuclear Power Plant CJSC" and the decree # 660Ա as of May 29, 2003 "On amending and supplementing the RA Government decree # 405Ա as of March 20, 2003", on July 17, 2003, Sevan-Hrazdan Cascade executed a sales contract with International Power Corporation CJSC, according to which the property of Sevan-Hrazdan Cascade CJSC was transferred to the ownership of International Power Corporation CJSC.

On September 1, 2003 the Public Services Regulatory Commission of the RA issued the electricity production license N 0108. The organization implements a policy of restoration and technical modernization of the Sevan-Hrazdan cascade.

Thus, International Power Corporation CJSC became the first power production company in Armenia owned by Inter RAO UES (Russia).

On March 24, 2011, Rushydro OJSC (Russia) purchased the shares of International Power Corporation CJSC.

In 2020, 100% shares of International Power Corporation CJSC were purchased by Hrazdan Power Company (HrazHPP) OJSC owned by Tashir Group.

Detailed information about HrazHPP OJSC is available on the official website of the company: www.raztes.am

2.11.1.6 *Debed Hydro LLC*

Debed Hydro LLC was founded on February 6, 2017 for design and development of Shnogh HPP.

2.11.1.7 *Dzoraget Hydro LLC*

Dzoraget Hydro LLC was granted a license # 384 on December 20, 2010. The company operates Dzoraget HPP. The HPP is regulated by natural water flow. The source of water is Dzoraget River.

Dzoraget HPP construction started back in 1927. The first unit of Dzoraget HPP with a capacity of 7,400 kW was commissioned in 1932. A year later, the plant was working at its full capacity of 22,320 kW, depending on the amount of water, with an average annual capacity of 14,920 kW.

Currently, the capacity of the HPP has been increased to 26,400 kW, and the average annual productive supply is 77.04 million kWh.

2.12 Issuer's property, plant and equipment

PPE as of June 30, 2023	Net book value (thous. AMD)
Land, buildings and structures	12,691,946
Transmitting devices	93,809,592
Equipment	109,771,414
Construction-in-progress	10,002,279
Other assets	8,909,405
Total	**235,184,636**

As of June 30, 2023, the Company's fixed assets worth AMD 7,634,374,729 are pledged to secure the Company's loans issued by the RA government.

The company leases land, office buildings, vehicles and equipment for electric substations to carry out its activities. As of June 30, 2023, the book value of the Company's leased property (assets in the form of right of use) was AMD 1.94 billion.

The Issuer operates in the energy sector, which requires significant continuous capital investments to improve service quality, ensure uninterrupted supply, introduce and apply new technologies, and expand the distribution network. The company plans to finance the acquisition of fixed assets both with borrowed and own funds.

2.13 Latest development trends

The Company's revenue for the first half of 2023 decreased by 15.3% as compared to the first half of 2022, and the volume of purchased electricity decreased by 18%. The drop in the indicators is due to the climatic conditions of 2022 and 2023, as a result of which the demand for electricity in the first quarter of 2022 was higher than in the same period of 2023.

2.14 Profit Forecast or Estimate

RESERVATION: Past performance is no guarantee of future results. Forecasts of income, expenses, profit, cash flows, financial condition made by the Issuer should not be considered as an indication, assurance or considered as a basis for such an assurance. The Issuer cannot assure that the projected financial results will be actually achieved, since their achievement depends on multiple factors which are outside the Issuer's control.

Certain statements in this Prospectus are not based on historical facts but are forward-looking statements. These statements include such words as plans, goals, target, strategies, future events or future performance assumptions acknowledging these are not statements describing historical events. The words "believe", "anticipate", "forecast", "intention", "expectation" "project", "estimate" "will", "can", "should" and other similar expressions identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

The source of the forecasts presented in the prospectus is the 2023-2050 financial model prepared by the Issuer[18].
For forecasts, AMD/USD and AMD/EUR exchange rates of 400 and 430, respectively, were used.

Forecasts about the volumes of electricity (capacity) are presented in the tables below:

Electricity that is purchased, transmitted to distribution networks and is subject to productive supply

million kWh	2022 actual	2023 forecast	2024 forecast	2025 forecast	2026 forecast	2027 forecast	2028 forecast
Purchase of electricity	6,967	5,729	6,033	6,016	6,028	6,045	6,020
Loss in the distribution network[19]	*13*	-	-	-	-	-	-
Supply of electricity to the distribution network	6,954	7,133	7,269	7,252	7,264	7,281	7,256
Loss in the distribution network (%) [20]	*0.18%*	-	-	-	-	-	-
Loss in the distribution network	*459*	*493*	*545*	*512*	*508*	*510*	*469*
Productive supply of electricity	6,496	6,640	6,724	6,740	6,755	6,771	6,787
Loss in the distribution network (%) [21]	*6.6%*	*6.9%*	*7.5%*	*7.1%*	*7.0%*	*7.0%*	*6.5%*

Capacity of purchased electricity

million MW	2022 actual	2023 forecast	2024 forecast	2025 forecast	2026 forecast	2027 forecast	2028 forecast
Purchase of capacity	13.75	60.53	58.95	58.44	58.44	58.44	58.44

[18] According to the document signed between KPMG Armenia LLC and the Issuer on April 20, 2021, the formulas and calculations of the financial model comply, in all material aspects, with general accounting principles, RA tax and regulatory requirements, prescribed by laws and regulations, and the requirements of the Company's financing agreements.
[19] Due to liberalization of the market, starting from 2023, the loss of electricity purchased in the transmission network is not included into the volume of electricity supplied to the distribution networks.
[20] Is calculated as the ratio of *loss in the transmission network* to *supply of electricity to the distribution network*
[21] Is calculated as the ratio of *loss in the distribution network* to *supply of electricity to the distribution network*

Volume structure of the electricity subject to supply/distribution

million kWh	2022 Actual	2023 forecast	2024 forecast	2025 forecast	2026 forecast	2027 forecast	2028 forecast
Population	2,048	2,073	2,081	2,087	2,094	2,100	2,106
Other consumers	4,107	3,356	3,407	3,416	3,426	3,435	3,445
Consumers of the liberalized sector of the market	341	1,211	1,236	1,236	1,236	1,236	1,236
Total distributed electricity	**6,496**	**6,640**	**6,724**	**6,740**	**6,755**	**6,771**	**6,787**

For making forecasts (electricity (power) purchase, sales volumes), the company took as a basis the short-term forecasts presented by the Commission, as well as the historical trends of the indicators.

Forecasts of average tariffs for sold electricity (capacity) and distribution is based on the forecast amounts of sold and distributed electricity and the forecast amounts of current costs and investments according to the methodology making an integral part of the license. All the above specified amounts form the company's necessary revenue and tariff margin so that it does not depend on the volume of electricity and the average price of purchased electricity. If during the tariff period there is a difference between the amounts of the specified costs and return on investments, as well as the actual revenue and costs, during the next tariff period this difference is compensated at the expense of the average tariffs for sales and distribution.

The Company's revenue and cost price forecasts are presented below.

million AMD	2022 actual	2023 forecast	2024 forecast	2025 forecast	2026 forecast	2027 forecast	2028 forecast
Revenue[22]	240,810	210,767	216,625	211,616	211,791	212,340	213,010
Cost price[23]	(180,303)	(146,817)	(145,629)	(143,582)	(142,304)	(142,227)	(143,955)
Margin	**60,506**	**63,950**	**70,997**	**68,034**	**69,488**	**70,173**	**69,056**

The reason for the decrease in the forecast revenue indicators for 2022 is that due to market liberalization, the volumes of electricity purchased from the Issuer decreased (high voltage (110 kV, 35 kV, 6(10) kV) consumers buy electricity either from other suppliers or electricity producers).

Below is the forecast of the Company's EBITDA indicator.

million AMD	2022 actual	2023 forecast	2024 forecast	2025 forecast	2026 forecast	2027 forecast	2028 forecast
EBITDA	35,861	44,335	49,103	47,304	48,985	49,884	49,862

Electricity market indicators are influenced by many factors (changes in the production volumes by power producers, revision of tariffs, weather conditions, legislative changes, etc.), and the Issuer has limited ability to influence these factors. However, it should be noted that under the conditions of the current tariff policy (when the principle of ensuring the necessary revenue and tariff margin is applied), the Company's financial indicators have no tendency to undergo negative changes in the forecast period.

The Company's income and cost forecasts are presented below.

[22] The revenue includes the revenue from sale of electricity and the revenue from transmission of electricity. The revenue from electricity network connection works is not included into the calculation.
[23] Fees for purchased electricity (capacity) and fees for electricity transmission service are included in the cost price.

million AMD	2022 actual	2023 forecast	2024 forecast	2025 forecast	2026 forecast	2027 forecast	2028 forecast
Revenue	243,457	210,767	216,625	211,616	211,791	212,400	213,010
Purchased electricity	(169,588)	(133,792)	(136,254)	(134,235)	(132,938)	(132,835)	(134,602)
Transmission service fees	(10,716)	(13,025)	(9,374)	(9,347)	(9,366)	(9,392)	(9,353)
Wages and salaries	(19,637)	(21,350)	(21,350)	(20,458)	(20,458)	(20,458)	(19,567)
Depreciation and amortization	(15,232)	(15,703)	(16,838)	(17,729)	(18,615)	(19,331)	(20,197)
Repair and maintenance	(1,081)	(2,074)	(1,987)	(1,897)	(1,812)	(1,732)	(1,716)
Used reserves	(2,431)	(2,248)	(2,172)	(2,086)	(2,003)	(1,924)	(1,889)
Losses from depreciation of trade and other receivables	(113)	(758)	(343)	(317)	(295)	(272)	(246)
Other income	955	10,380	8,454	8,454	8,454	8,454	8,454
Other expenses	(6,299)	(5,362)	(4,668)	(4,592)	(4,534)	(4,477)	(4,321)
Operating results	**19,315**	**26,835**	**32,094**	**29,408**	**30,224**	**30,434**	**29,574**
Finance income	23,542	156	157	153	157	160	159
Finance costs	(7,387)	(10,669)	(9,584)	(7,779)	(7,077)	(6,008)	(4,551)
Net finance income	**16,155**	**(10,514)**	**(9,427)**	**(7,626)**	**(6,920)**	**(5,848)**	**(4,392)**
Profit before tax	**35,470**	**16,322**	**22,667**	**21,782**	**23,305**	**24,586**	**25,182**
Income tax expense	(1,922)	(2,936)	(4,080)	(3,921)	(4,195)	(4,426)	(4,533)
Profit and total comprehensive income for the year	**33,548**	**13,386**	**18,587**	**17,861**	**19,110**	**20,161**	**20,649**

The Company's assets and liabilities forecasts are presented below.

million AMD	2022 actual	2023 forecast	2024 forecast	2025 forecast	2026 forecast	2027 forecast	2028 forecast
Assets							
Property, plant and equipment	234,960	248,691	259,853	270,124	274,843	278,845	281,981
Intangible assets	132	113	113	113	113	113	113
Advance payments for non-current assets	6,867	-	-	-	-	-	-
Other non-current assets	3	3	3	3	3	3	3
Non-current assets	**241,962**	**248,808**	**259,970**	**270,240**	**274,959**	**278,962**	**282,098**
Inventories	11,404	8,817	8,817	8,817	8,817	8,817	8,817
Trade and other receivables	29,889	43,798	45,061	45,442	46,187	46,937	47,661
Advance payments	1,111	-	-	-	-	-	-
Cash and cash equivalents	5,843	466	462	462	462	462	462

Current tax assets	-	291	291	31	31	31	31
Current assets	**48,247**	**53,372**	**54,630**	**54,751**	**55,496**	**56,246**	**56,971**
Total assets	**290,209**	**302,179**	**314,600**	**324,992**	**330,455**	**335,208**	**339,068**
Equity							
Share capital	18,654	20,675	20,675	20,675	20,675	20,675	20,675
Additional capital	39,946	39,946	39,946	39,946	39,946	39,946	39,946
Retained earnings	71,627	82,979	101,566	119,428	138,538	158,699	179,348
Total equity	**130,227**	**143,600**	**162,187**	**180,049**	**199,159**	**219,320**	**239,969**
Liabilities[24]							
Government grants	2,948	2,793	2,793	2,793	2,793	2,793	2,793
Loans and borrowings	67,356	74,918	80,397	64,288	53,870	37,428	21,203
Trade and other payables	2,140	2,177	2,177	7,177	2,177	2,177	2,177
Deferred tax liabilities	12,807	15,265	16,361	17,210	18,079	18,700	18,536
Non-current liabilities	**85,252**	**95,153**	**101,729**	**91,468**	**76,919**	**61,098**	**44,709**
Government grants	244	244	244	244	244	244	244
Loans and borrowings	38,176	21,834	2,011	11,925	7,089	6,610	4,998
Trade and other payables	36,310	40,982	45,508	40,382	45,931	46,525	47,192
Current taxes and liabilities	-	366	2,922	924	1,113	1,411	1,957
Current liabilities	**74,730**	**63,426**	**50,684**	**53,475**	**54,377**	**54,790**	**54,391**
Total liabilities	**159,982**	**158,579**	**152,413**	**144,943**	**131,296**	**115,888**	**99,100**
Total liabilities and equity	**290,209**	**302,179**	**314,600**	**324,992**	**330,455**	**335,208**	**339,068**

* The forecasts presented by the Company take into account bond issues in November/December 2023 for the total amount of USD 140 million (of which USD 80 million is within the framework of this Prospectus), with maturity of 3 years. The table below shows forecasts of the inflows and outflows on the Company's debts (loans and borrowings).

million AMD	2022 actual	2023 forecast	2024 forecast	2025 forecast	2026 forecast	2027 forecast	2028 forecast
Raised loans and borrowings, of which	91,247	149,327	749	6,885	57,948	2,889	3,166
ADB, EBRD and IFC loans	-	-	-	-	-	-	-
Other loans (including loans from local banks)	*91,247*	*93,327*	*749*	*6,885*	*1,948*	*2,889*	*3,166*
Bonds[25]	-	*56,000*	-	-	*56,000*	-	-

[24] The presented current and non-current liabilities for 2022 do not match with those in the audited financial statements, which is due to a differentiated approach to the classification of short-term and long-term loans/borrowings.
[25] For presenting the bonds in AMD, AMD/USD exchange rate of 400 was taken as a basis. The bonds are expected to be reissued in 2026.

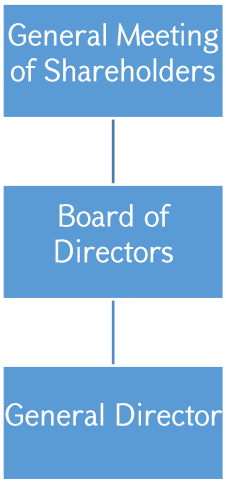
Repayment of loans and borrowings, of which	(92,652)	(158,933)	(15,402)	(13,149)	(73,187)	(19,868)	(20,809)
ADB, EBRD and IFC loans	*(11,386)*	*(75,236)*	*(2,432)*	*(2,432)*	*(13,000)*	-	-
Other loans (including loans from local banks)	*(81,266)*	*(83,697)*	*(12,970)*	*(10,717)*	*(4,187)*	*(19,868)*	*(20,809)*
Bonds	-	-	-	-	*(56,000)*	-	-

Financial restrictions (covenants) are applied to the Company under loan agreements, whereby the Company undertakes to maintain the financial ratios within certain limits. The forecasts of these ratios[26] are specified below:

million AMD	2022 actual	2023 forecast	2024 forecast	2025 forecast	2026 forecast	2027 forecast	2028 forecast
Net debts/EBITDA ≤ 3.5	2.41	1.8	1.7	1.7	1.2	0.9	0.6
Current ratio (current assets/current liabilities) ≥ 1.0	1.0	1.2	1.1	1.0	1.1	1.0	1.1

2.15 Management

2.15.1 Orgchart



The Issuer's management includes the General Meeting of Shareholders, the Board of Directors and the General Director.

The highest governing body of the Issuer is the General Meeting of Shareholders (hereinafter also the "General Meeting"). The Company is required to convene the General Meeting of Shareholders annually upon the end of the financial year within the period from February to June 30.

The Board of Directors (hereinafter "the Board") ensures general management of the Company's activities save for the matters that fall within the scope of the Company's General Meeting and executive body authorities according to the Armenian law "On the Joint-Stock Companies" and the Company's Charter.

[26] The ratios are calculated as per loan agreements.

The day-to-day activities of the Company are managed by the General Director, the Company's sole executive body. The General Director's authorities include all the matters related to the ongoing activity of the Company except for the matters reserved to the authorities of the General Meeting and the Board. After appointment of the General Director by the Board, the Company executes an agreement with the latter which is signed on behalf of the Company by the Chairman of the Board or any other Board member substituting for the latter.

2.15.2 Authorities of the Management

2.15.2.1 *General Meeting*

The following matters are reserved to the authority of the General Meeting:

1) Amending or supplementing the Company's charter or approval of the charter in new edition,
2) Reorganization of the Company,
3) Winding up of the Company,
4) Appointing liquidation commission, approval of the consolidated, interim and liquidation balance sheets,
5) Defining the number of authorized shares, face value, class (type) of shares and the rights granted thereunder,
6) Increasing the Company's capital stock via increase of the face value per share or placement of additional shares,
7) Reducing of the Company's capital stock by means of decreasing the face value per share, buyback of the outstanding shares by the Company in order to cut the total number of shares, as well as redemption of the shares acquired or bought back by the Company,
8) Consolidation and splitting of the Company's shares,
9) Adopting of decisions on placement of convertible bonds and securities by the company,
10) Election of the members of the Company's Board of Directors and early termination of their authorities,
11) Election of the members of the Company's Audit Committee and early termination of their authorities,
12) Approval of the external auditor of the Company,
13) Adopting decisions on transferring the powers of the sole executive body of the company to the managing organization (manager) and early termination of the powers of the managing organization (manager),
14) Distribution of the Company's revenues (including payment (declaration) of annual dividends, less the profit paid in dividends for the first quarter, half-year and nine-month results of the financial year) and losses based on the Company's annual report, balance sheet, profit and loss statement and the results of the financial year,
15) Definition of the procedure convening the Company's General Meeting of Shareholders,
16) Adopting decisions on approval of the transactions in the cases stipulated by Article 64 of the RA Law "On Joint-Stock Companies" (hereinafter referred to as "the Law"),
17) Adopting decisions on approval of large-scale transactions in the cases stipulated by Article 61 of the Law,
18) Approval of internal documents regulating the activities of the Company's General Meeting of Shareholders, Board of Directors and Audit Committee,
19) Adopting decisions on payment of bonuses and (or) compensations to the members of the Company's Audit Committee, including definition of the amount of such payments,

20) Adopting decisions on payment of bonuses and (or) compensations to the members of the Company's Board of Directors, including definition of the amount of such payments,
21) Determining the terms of remuneration of the General Director,
22) Establishment of holding companies and other commercial associations,
23) Interest in holding companies and other commercial associations,
24) Election of the members of the Company's Settlement Committee and early termination of their authorities,
25) Other issues prescribed by law.

2.15.2.2 *Board of Directors*

The exclusive authorities of the Board are as follows:

1) Determining key areas of the Company's business activities,
2) Placement of the Company's bonds and other securities,
3) Acquisition of shares, bonds and other securities placed by the Company, in cases prescribed by the Republic of Armenia laws and regulations,
4) Determining the market value (estimated monetary value) of the property, placement and buyback price of the securities in accordance with Article 59 of the Law,
5) Approval of the decisions on the issue of securities (follow-on offering), the prospectus of the issue, the report on the results of the securities issue (follow-on offering), reports on the acquisition of shares from the Company's shareholders, reports on the redemption of shares, reports on the requests filed by the Company's shareholders for buyback of their shares and reports on the the buyback of shares from the company's shareholders,
6) Sale (disposal) of the Company's shares transferred into the Company's possession due to acquisition or buyback of the shares from the Company's shareholders, as well as in other cases prescribed by laws and regulations,
7) Convening of the Company's annual and extraordinary General Meetings of Shareholders, except for the cases prescribed by the Law,
8) Approval of the agenda of the General Meeting of Shareholders,
9) Approval of the date of drawing up the list of persons authorized to participate in the General Meeting of Shareholders,
10) Submitting proposals on the order and terms of remuneration and compensation of the Company's Board of Directors and Audit Committee (Auditor) to the General Meeting of Shareholders,
11) Presenting issues prescribed by the RA laws and regulations to the General Meeting of Shareholders,
12) Election of the Chairman of the Company's Board of Directors and termination of his/her authorities,
13) Election of the Deputy Chairman of the Board and early termination of his/her authorities,
14) Election of the Secretary of the Board and early termination of his/her authorities,
15) Establishment of the Board Committees and approval of the Company's Board-related charters,
16) Approval of internal documents regulating the activities of the Company's management bodies (other than the documents prescribed by clause 10.2.18 of this document),
17) Approval of policy-level internal documents of the Company, documents regulating the key managerial business processes in cases defined by the Board of Directors of the Company, internal documents related to the risk management system; approval of the cost management plan and internal audit and internal control regulations,
18) Approval of the Company's standards for organization of business planning, for accounting policy and financial reporting; approval of other internal documents of the Company (other than the documents specified in sub-clauses 12.1.16 and 12.1.17 of the Charter, regarding matters reserved

to the competence of the Board of Directors), with the exception of key internal documents, the approval of which is reserved to the competence of the General Meeting or the executive body of the Company by the Law and the Charter,

19) Determining remuneration payable to the auditor of the Company,
20) Recommendations on the amount and payment order of annual dividends,
21) Determining the amount and payment order of dividends based on the results of the first quarter, half year and nine months of the financial year,
22) Establishment and closing of the Company's branches and representations and approval of the charters of the Company's branches and representations,
23) Adopting decisions on approval of major transactions in accordance with chapter VIII of the Law,
24) Adopting decisions on approval of non-arm's length transactions in accordance with chapter IX of the Law,
25) Establishment of subsidiary and dependent companies, acquisition of shares in such companies, unless it is a major transaction,
26) Shareholding in other organizations not specified in clause 12.1.25 of the Charter, unless it is a major transaction,
27) Approval of the registrar of the company and the terms and termination of the contract executed with the latter,
28) Formation of the sole executive body of the company (election of the General Director) and early termination of the powers of the latter, definition of the terms of the employment contract with the General Director, including the term of his/her powers, amount of rewards and compensation to be paid, except for the condition specified in clause 10.2.21 of the Charter; determining the person authorized to sign an employment agreement with the General Director, imposing disciplinary measures on and application of incentives to the sole executive body of the Company in accordance with the RA labor laws and regulations, nominating the General Director for state awards,
29) Discussing with the Company's General Director the reports on the Company's activities (including the performance of his/her official duties) and the implementation of the decisions adopted by the Company's General Meeting of the Shareholders and the Board of Directors,
30) Defining the list of top managerial positions, approving internal documents defining the system of material incentives and remuneration of top managers, as well as making decisions in accordance with the specified internal documents, including making decisions on the amount and order of payment of the remuneration and/or compensation to top managers, approval of the total amount of annual bonuses based on the performance of the top managers,
31) Approval of the Company's organizational structure,
32) Approval of the Company's staff list
33) Approval of the Company's business plan (adjusted business plan) and reports on business plan deliverables (for 1 quarter, 6 months, 9 months and the whole year),
34) Approval of key performance indicators (KPIs), control indicators, their calculation and performance evaluation methodologies, as well as the reports on KPIs and control indicators,
35) Definition of the Company's procurement policy, including the approval of the procedure of regulated procurement of goods, works, services (in this section hereinafter referred to as "Procedure"),
36) Approval of the Head of the Company's General Procurement Body and its members, as well as adoption of other decisions in accordance with the Procedure and discussion of reports on the results of procurement,
37) Approval of med-term investment plan (adjusted med-term investment plan);
38) approval of the annual investment plan (adjusted annual investment plan) and reports on its implementation (the results of 1 quarter, 6 months, 9 months and the whole year),

39) Adopting decisions on the use of the company's reserve and other funds, approving the estimated budgets for the use of special purpose funds and discussing the results of such use; approving the Company's internal documents defining the procedure of the creation and use of the Company's funds,
40) Approval of risk maps, risk management plans and the reports on their implementation,
41) Definition of the procedure of management of non-core assets of the Company, approval of the register of non-core assets of the Company and adoption of other decisions in accordance with the documents regulating the management of non-core assets approved by the Company,
42) Approval of the transactions (including potential transactions) of disposal of the property (fixed assets used for production, transmission, regulation and distribution of electric and/or thermal power), intangible assets and construction-in-progress with AMD 65,000,000 (sixty-five million) and more book and/or market value,
43) Approval of any transaction that creates or may create for the Company a liability equal to the equivalent of AMD 2,000,000,000 (two billion) or more, except for
44) approval of the transactions related to transfer/acquisition or possibility of transfer/acquisition of ownership, possession and/or use of real estate (including land plots and construction-in-progress), including transactions that change and/or terminate the essential conditions of previously executed transactions (except for the ownership right and trust management right), when the price of transactions exceeds AMD 65,000,000 (sixty-five million) and/or the term of transfer and acquisition of rights thereunder is not less than 1 year, The provisions of this clause do not apply to the transactions related to the expansion and improvement of the distribution network, connection of new or reconstructed consumer systems to it, where the transaction price is up to AMD 65,000,000 (sixty-five million),
45) Approval of transactions related to the transfer/acquisition or possibility of transfer/acquisition of ownership rights or trust management rights to the real estate (including land plots and construction-in-progress), including transactions that change and/or terminate the essential conditions of previously executed transactions, irrespective of their value, The provisions of this clause do not apply to the transactions related to the expansion and improvement of the distribution network, connection of new or reconstructed consumer systems to it, where the transaction price is up to AMD 65,000,000 (sixty-five million),
46) Approval of the transactions related to free transfer of the Company's property or property rights (claims) to the Company or to a third party, Transactions related to the release of property obligations to the Company or to the third parties; Approving transactions related to provision of free services (performance of works) by the company to third parties,
47) In the case of reserving the authority of making relevant decisions regarding credit and/or financial policy to the Board of Directors, or in the event the specified documents are not approved, approval of the transactions specified below with respect to the following:
48) Provision of loans and advances by the Company,
49) Raising of funds by the Company (including, but not limited to, credit agreements, loan agreements, overdraft agreements, leasing transactions),
50) Purchase and disposition of bonds and promissory notes,
51) Placement of deposits by the Company,
52) FX transactions executed by the Company (purchase and sale of foreign currency),
53) Financial derivatives purchase and/or sale transactions,
54) Provision of guarantees and/or other security for the third party liabilities by the Company,
55) Issuance of debt securities (other than issued securities) by the Company,
56) Acceptance of a liability under a promissory note by the Company (issuance of ordinary and negotiable promissory note, aval and endorsement),

57) Property pledge and any other encumbrance,
58) Approving transactions related to receipt of bank guarantees, issuance of letters of credit (other than the cases provided for by the operation license issued by the RA Public Services Regulatory Commission),
59) Determining the Company's insurance coverage, including approval of the Company's insurer(s) and insurance plan,
60) Approval of the work plan (corporate events plan) of the Board of Directors,
61) Suspension of the powers of the managing organization (manager) and appointment of the acting General Director,
62) Combination of positions by the General Director in the management bodies of other organizations,
63) Approving decisions on the write-off of intangible and fixed assets, receivables and payables (including definition of procedure for performing the specified operations),
64) Execution of collective agreements and making changes thereto,
65) Making a decision on purchasing or refusing to purchase the Company's shares within the framework the pre-emptive right to purchase the Company's shares sold by the Company's shareholders,
66) Other matters reserved to the Board of Directors by internal documents of the Company approved by the Law, the Charter and the decisions of the Company's General Meeting of the Shareholders or the Board of Directors.

2.15.2.3 *General Director*

General Director

1) Ensures implementation of the activity plans required for tackling the Company's issues,
2) Organizes accounting and reporting of the Company,
3) Manages the Company's property, executes transactions on behalf of the Company, issues power of attorneys, opens settlement and other accounts for the Company in banks and other credit organizations (in cases stipulated by law, also with the professional participants of the securities market);
4) Gives orders, approves local and other internal regulations of the Company (other than those the approval of which is reserved to the Board of Directors and the General Meeting of Shareholders), gives instructions that are subject to mandatory performance by the Company's staff,
5) Approves social benefits and safety nets for the Company's employees,
6) Exercises the rights and responsibilities of the employer prescribed by the labor laws and regulations of the RA with respect to the employees of the company,
7) During his/her temporary absence (vacation, temporary disability, business trip and other cases stipulated for by the labor laws and regulations of the RA) appoints the acting General Director,
8) Approves programs and activities aimed at training and improvement of the qualifications of the Company's employees,
9) Allocates the duties among the Deputy General Directors of the Company,
10) Submits the Company's annual report, balance sheet, profit and loss statement and distribution of the profits and losses based on the results of the financial year to the Board of Directors of the Company for discussion and initial approval in accordance with clause 19.4 of the Charter,
11) Ensures performance of the decisions of the General Meeting and the Board of Directors,
12) Ensures maintenance of the documents stipulated by the current laws and regulations,
13) Organizes and implements defense measures in terms of preparation for mobilization, civil defense, emergency situations and protection of information considered as state secret, and is also responsible for ensuring counter-terrorist protection in accordance with the RA laws and regulations,

14) Approves the comprehensive annual procurement plan, adjustments thereto and reports on its implementation,
15) Resolves other matters related to the Company's ongoing activities, other than the matters falling within the authorities of the General Meeting and the Board.

2.15.3 Members of the Issuer's Management

Information about each member of the Issuer's Management is presented in the table below:

Full name (for individuals)/company name	Residence address / Registered address	Position	Activities outside the Company
Karen Darbinyan	Yerevan, Armenia	Chairman of the Board of Directors	-
Narek Karapetyan	Yerevan, Armenia	Deputy Chairman of the Board of Directors	• Fora Capital LLC, Chairman of the Board of Directors • TASHIR charitable foundation, representative • Tashir Capital CJSC, General Director
Hayk Ignatyan	Moscow, Russian Federation	Member of the Board of Directors	• KPF, Deimos LLC, General Director • Fora Bank OJSC, Chairman of the Board of Directors • Stroypolymerceramika OJSC, Chairman of the Board of Directors
Sergey Poghosov	Moscow, Russian Federation	Member of the Board of Directors	• Cascade-Energosbyt LLC, General Director • Cascade holding, Chairman of the Management Board
Varuzhan Artenyan	Moscow, Russian Federation	Member of the Board of Directors	• Fora Bank OJSC, member of the Board of Directors • Kalugaglavsnab OJSC, Vice-President • MSM-Invest OC, member of the Board of Directors
Artak Iskandaryan	Moscow, Russian Federation	Member of the Board of Directors	• Kalugaglavsnab OJSC, Vice-President • Grintech LLC, Chief Commercial Officer • Skynet-Telecom LLC, General Director
Vardan Makaryan	Yerevan, Armenia	Member of the Board of Directors	-
Karen Harutyunyan	Yerevan, Armenia	Board Member, CEO	-

Detailed scope of the management authorities is presented in clause 3.9.2 of the Prospectus.

2.15.4 Conflict of Interest

There's no such fact or circumstance related to the Issuer that may imply the existence of a conflict of interest..

2.16 Activities of Management Bodies

2.16.1 Issuer's Audit Committee

The company does not have an Audit Committee. There is only an Internal Audit Department. The authorities of the Internal Audit include implementation of control over the proper performance of functions and internal procedures related to the financial management of the organization, as well as the measures aimed at increasing the effectiveness of the organization's activities.

2.16.2 Corporate Governance Principles

The Issuer follows the principles of corporate governance in line with its legal form, in particular, ensures an effective corporate governance system, transparency of information regarding its activities (including its financial standing), implementation of the rights of its participants and demonstration of equal treatment to the stakeholders, as well as cooperates with them, thus contributing to the enhancement of the standard of living of the society.

In its corporate governance activities the Company is guided by the Code of Corporate Governance approved by the RA Government decree N1769-A dated December 30, 2010.

According to the loan agreement executed between the Company and the International Finance Corporation, the Company must bring its corporate governance policy into compliance with international standards. It should also be noted that the International Finance Corporation supports the integration of the specified standards into the Company's corporate policy.

2.17 Controlling Parties

2.17.1 Information about beneficial owners

Samvel Karapetyan and his family members Sarkis Karapetyan, Eteri Karapetyan, Tatevik Karapetyan and Karen Karapetyan are the beneficial owners of the Company by virtue of indirect participation in the charter capital of the Company.

2.17.2 Information about the control exercised over the Company

Within the scope of loan agreements, the Company has assumed certain obligations to financial institutions (creditors) and specialized commercial intermediaries. Such obligations include informing them or obtaining their approval for receiving new loans in the future or performing and/or refraining from certain actions. Under these agreements the Issuer may be restricted in decision-making, therefore, in this regard, the following persons MAY be considered as controlling parties with reservation:

1. **IFC-International Finance Corporation, EBRD-European Bank for Reconstruction and Development, ADB-Asian Development Bank**

The restrictions (covenants) applied to the Company under the Loan agreement are specified in clause 3.2 of the Prospectus.

2.18 Information about the Issuer's Assets and Liabilities, Financial Position, Profits and Loss

2.18.1 Historical Financial Information

The Company's audited financial statements for 2022 and 2021 are presented in Annex 4.

2.18.2 Interim Financial Information

Company's interim financial statements are presented in Annex 4.

2.18.3 Material changes in the Issuer's financial condition

During the period from June 30, 2023 and the date of submission of the Prospectus for registration, there were no significant changes in the Issuer's financial condition.

2.18.4 Information on court, arbitration and administrative proceedings

To the best knowledge of the Issuer's management bodies, there are no court, arbitration and/or administrative proceedings that are likely to have or have recently had a significant impact on the Issuer's financial condition or profitability.

2.19 Additional Information

2.19.1 Charter capital

2.19.1.1 *Size of the charter capital*

The charter capital of the Company as of June 30, 2023 was AMD 18,654,221,100. As of the date of submission of the Prospectus the charter capital amounted to AMD 20,674,889,700.

2.19.1.2 *Number of Authorized Shares*

The Company does not have declared and unallocated shares.

2.19.1.3 *Number of Authorized Shares*

The Company's charter capital consists of 246,423 ordinary registered shares.

2.19.1.4 *Face Value per Share*

The face value of a share as of June 30, 2023 was AMD 75,700. As of the date of submission of the Prospectus the face value of a share amounted to AMD 83,900.

2.19.2 Charter

According to the Issuer's Charter, clause 3, the Company may be involved in any economic activity not prohibited under the Armenian laws and regulations. The Company's main business is distribution of electricity.

2.20 Material Contracts

During 1 year preceding the day of submission of the Prospectus for registration, the Issuer hasn't entered into any contracts out of the ordinary course of its business, the amount of which exceeds 5 percent of the Issuer's equity reported in the Issuer's financial statements for the most recent reporting period.

2.21 Professional expert, appraiser, advisor or accountant opinion and information obtained from third parties

The Issuer's Charter, interim and annual financial statements and audit reports are at all times publicly available electronically. Electronic versions of the specified documents are posted on the Issuer's official website www.ena.am.

2.22 Other information

The Issuer's Charter, interim and annual financial statements and audit reports are at all times publicly available electronically. Electronic versions of the specified documents are posted on the Issuer's official website www.ena.am.

This Prospectus may contain certain financial indicators or financial ratio calculations that are not defined under the IFRS (non-IFRS measures). These indicators include EBITDA, net debt and net debt to EBITDA ratios which may be used by the Issuer's management for assessing the Issuer's financial performance.

The Issuer uses non-IFRS measures since they are widely used by investors and analysts to evaluate the Issuer's performance.

HAVING READ THIS PROSPECTUS, THE INVESTORS SHOULD ASSESS FOR THEMSELVES THE RISK OF INVESTMENT IN THE GIVEN SECURITIES BEFORE MAKING DECISION ON THEIR PURCHASE.

ՄԱՍ 3 ANNEXES

3.1 ANNEX 1: Financial ratio calculation formulas

Earnings per share (EPS) = Net earnings after profit tax/Average weighted number of shares

Return on equity (ROE) = Net earnings after profit tax/Average equity

Return on assets (ROA) = Net earnings after profit tax/Average total assets

Net profit margin (NPM) = Net earnings after profit tax/Revenue from the sale of products, goods, works and services

Capital adequacy ratio = Equity/Total assets

Leverage ratio = Total liabilities/Equity

Absolute liquidity ratio = (Cash and cash equivalents + Current financial investments)/Current liabilities

Current liquidity ratio = (Cash and cash equivalents + Current financial investments + Current receivables and advance payments)/Current liabilities

Total liquidity ratio = Current assets/Current liabilities

Receivables turnover ratio = Revenue from the sale of products, goods, works and services/Average value of the sales receivables

Duration of the accounts receivable cycle in days = 365/(Revenue from the sale of products, goods, works and services/Average value of the sales receivables)

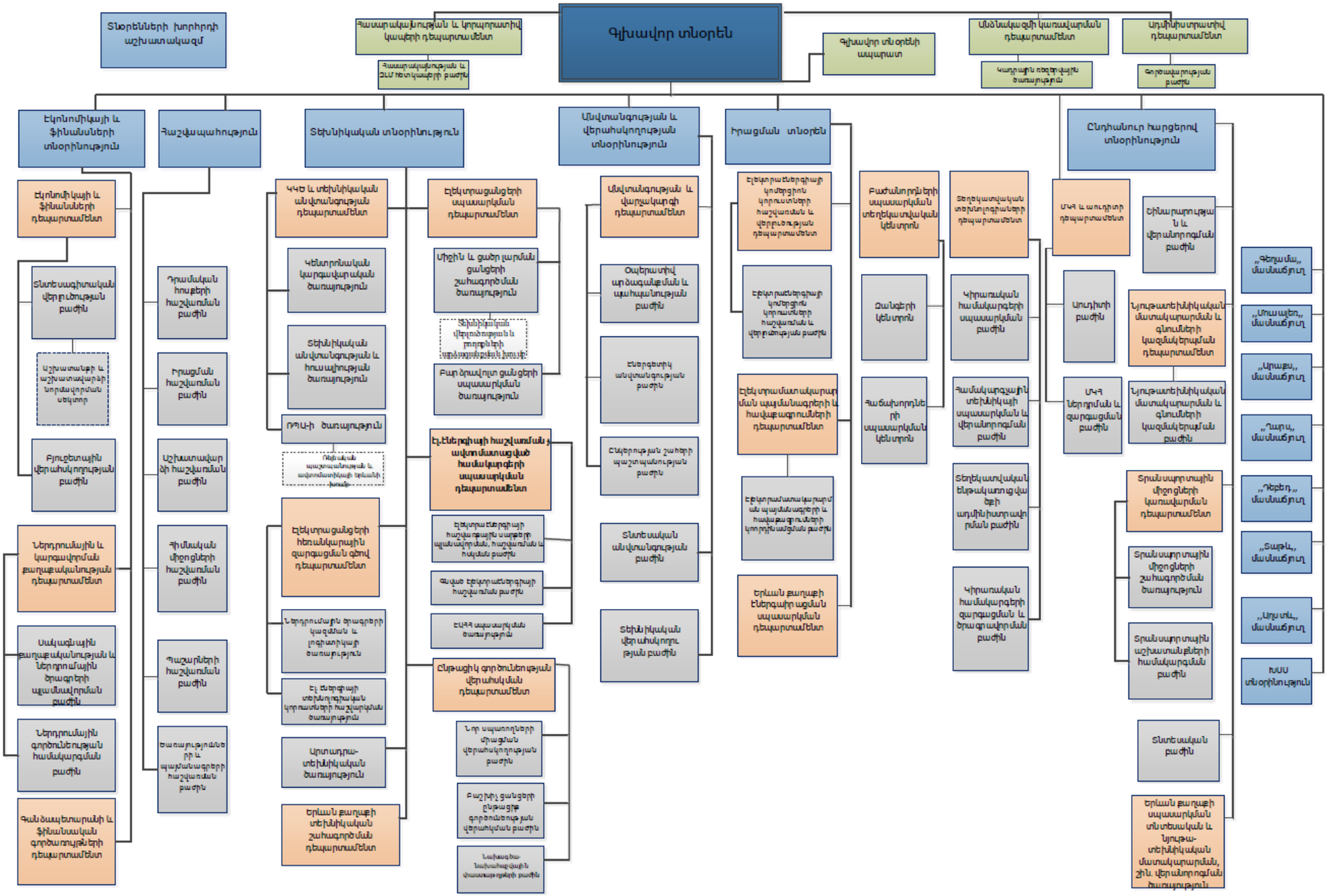
Reserves turnover ratio = Cost price of products, goods, works and services sold/Average value of reserves

Duration of the reserves cycle in days = 365/(Cost price of products, goods, works and services sold/Average value of reserves

Payables turnover ratio = Cost price of products, goods, works and services sold/Average value of accounts payable

Duration of the accounts payable cycle in days = 365/(Revenue from the sale of products, goods, works and services/Average value of the accounts payable)

3.2 ANNEX 2. Organizational structure of the Issuer



3.3 ANNEX 3. Final Terms of Issue

…… 202_.
..... CJSC
Registered, coupon, book entry, non-convertible bond

In order to obtain complete information about the Issuer and the securities to be issued, it is necessary to consider jointly the program prospectus (registered in ------- ---------- 202_), the supplements thereto and final terms of this issue. The program prospectus and the supplements thereto are available at AMERIABANK CJSC (2 V. Sargsyan st. Yerevan, 0010, Armenia) and at _____ (address: _____)

General Information (Non-applicable information is marked as "N/A". If securities with different conditions (issue currency, price of the offering, face value, etc.) are issued under the same serial number, the conditions that are different for the group of securities meeting each condition are presented separately).		
1.	Issuer (name of the Issuer)	----------
2.	Underwriter	
3.	Serial number (the number and year of the issue under this program prospectus)	
4.	Total volume of the issue with the given serial number	To be determined by the Issuer at least 5 (five) business days prior to the placement start date
5.	Information about classification of securities in term of the order of repayment of the issuer's liabilities (subordination), including the volume of each issue under the given serial number based on subordination	More detailed information is available in **clause 2.3.6 of the Program Prospectus.**
6.	Currency of the Issue:	USD or AMD
7.	Offering Price	The full price of bonds for the face value of each 100 bonds from the start date of placement shall be calculated by the following formula: $DP = \frac{C}{f}\sum_{t=1}^{N}\frac{1}{\left(1+\frac{y}{100*f}\right)^{i-1+\tau}} + \frac{100}{\left(1+\frac{y}{100*f}\right)^{N-1+\tau}}$ where $\tau = \frac{DSN}{DCC}$ "DP" is the Bond's price DSN is the number of days within the period from settlement/trade date till the next coupon payment date based on the relevant day count convention

		DCC is the number of days in coupon period in which the settlement date falls based on relevant day count convention "f" is the frequency of coupon payment (for 4 quarterly payments) "N" is the number of remaining coupons as of the settlement day C is the annual coupon rate per 100 face value Y is the yield to maturity During the placement, the full price of the bond for each day is published on the Issuer's website.
8.	Face value	USD 100 (one hundred) or AMD 100,000 (one hundred thousand)
9.	Quantity	The size and the face value of the respective Issue, i.e. the ratio of the issue size to the face value
10.	Start date of the offering (including possible changes of term)	to be determined by the Issuer at least 5 (five) business days prior to the placement start date
11.	End date of the offering (including possible changes of term)	To be determined by the Issuer at least 5 (five) business days prior to the placement start date
12.	ISIN or other similar identification code	
13.	The competent authority having adopted the decision on the issue and placement and the date of the decision (to be filled in if a separate decision was made for the given public offering, otherwise - "N/A")	Issuer's decision dated _____
Information about coupons		
14.	First day of coupon accrual	To be determined by the Issuer at least 5 (five) business days prior to the placement start date
15.	Coupon rate and payment frequency If the coupon rate is floating, provide information on the indicator (its changes) affecting the coupon rate and the sources to obtain information on such indicator (its changes).	To be determined by the Issuer at least 5 (five) business days prior to the placement start date
16.	Definite coupon dates (dd/mm/yyyy))	To be determined by the Issuer at least 5 (five) business days prior to the placement start date
17.	Coupon dates calculation procedure (for e.g. 30/360, Act/Act, Act/360, etc.)	Actual days within the coupon period/Actual days within a year
18.	The person calculating the floating-rate coupon	To be determined by the Issuer at least 5 (five) business days prior to the placement start date
19.	Other essential terms of coupon rate calculation	To be determined by the Issuer at least 5 (five) business days prior to the placement start date
20.	Provision about bonds with discounted interest (zero coupon bonds) (marked as "Applicable" or "Non-applicable")	To be determined by the Issuer at least 5 (five) business days prior to the placement start date
Information about the bond principal repayment		

21.	Maturity date	To be determined by the Issuer at least 5 (five) business days prior to the placement start date
22.	Redemption value (if not possible to specify it, the calculation methodology is specified)	USD 100 (one hundred) or AMD 100,000 (one hundred thousand)
23.	Change of the redemption value (specify all the conditions in which case the redemption value can be changed)	N/A
24.	Call option (applicable/non-applicable)	N/A
	1) Term(s)	
	2) Option price and calculation method (if any)	
	3) Minimum and maximum redemption value in case of partial redemption	
	Other information	
25.	Put option (applicable/non-applicable)	N/A
	1) Term(s)	
	2) Option price and calculation method (if any)	
	3) Other information (notification period)	
Information about placement		
26.	Lead arranger's name and address	AMERIABANK CJSC 2 V. Sargsyan st., Yerevan, 0010, Armenia
27.	Other terms of the Issue (not specified in the Prospectus)	To be determined by the Issuer at least 5 (five) business days prior to the placement start date
Other information		
28.	Admission to trading on the regulated market for the given class of securities (specify the names of the relevant regulated markets and the date admitted to trading)	The securities have not yet been admitted to trade on the regulated market.
29.	If the Issuer plans apply for admission to trade the offered securities on the regulated market in future, the respective information should be specified (name of the market, a provision that the request for the admission to trading may be rejected, the expected date of admission to trading (if any)).	The Issuer shall apply for listing of the bonds on the regulated market. According to the current laws and regulations of Armenia, listed bonds may be further traded solely on the regulated market. Regulated market means Armenian Securities Exchange OJSC.
30.	Security rating	No rating has been assigned to the securities.
31.	Methods and terms (periodicity, bank accounts, etc.) of payment for securities and methods and terms of receiving securities and securities ownership statement	to be determined by the Issuer at least 5 (five) business days prior to the placement start date

The Issuer shall be responsible for the information specified in the Final Terms of Issue. The Issuer represents that the information contained in the Program Prospectus complies

with the information (presented general methodology) contained in the Notice and its supplements and annexes, is true and accurate (to the best of the Issuer's knowledge) and that there are no omissions or misleading facts.

(name, surname)	(position)	(signature)	(date)

I hereby certify that the signatures are true and correct.

(name, surname)	(position)	(signature)	(date)

Seal

3.4 ANNEX 4. Financial statements