

"Armenian Nuclear Power Plant" CJSC

**Annual Financial Statements and
Independent Auditor's Report
For the Year Ended 31 December 2024**

April 2025

Yerevan

"Armenian Nuclear Power Plant" CJSC
Annual Financial Statements and Independent Auditor's Report
For the Year Ended 31 December 2024

Contents

3	Independent auditor's report
6	Statement of comprehensive income
7	Statement of financial position
8	Statement of cash flows
9	Statement of changes in equity
10	Index to notes forming part of the financial statements
11	Notes forming part of the financial statements

Country of incorporation:	Republic of Armenia
Legal form:	Closed joint stock company
Principal activities:	Principal activities are disclosed in Note 1
Director:	Eduard Martirosyan

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of "Armenian Nuclear Power Plant" CJSC

Report on Audit of Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of "Armenian Nuclear Power Plant" CJSC ("Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, except for the possible effects of matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Company as of 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Qualified Opinion

As at 31 December 2024 there is an indication of impairment of the property, plant and equipment of the Company presented at AMD 86 billion (2023: AMD 98 billion). As described in the Note 12 to the financial statements, the Company has recognized an impairment loss of AMD 6.2 billion as of the year ended 31 December 2017.

We were unable to gain sufficient and appropriate audit evidence about the adequacy of the mentioned estimate as well as we were unable to estimate ourselves the recoverable amount of property, plant and equipment as of the reporting date due to the specialized nature of Company's properties and operations. Therefore, we were unable to determine the possible impairment amount of property, plant and equipment as at reporting date.

As at 31 December 2024, among the inventory presented in Statement of Financial position of the company, there are inventory with a total value of AMD 3.9 billion (2023: AMD 3.0 billion) the movement analysis of which indicates that it may be necessary to reduce their cost to net realizable value.

The management of the company has not conducted a valuation of the mentioned inventory; hence we were unable to obtain sufficient audit evidence for the value and relating expenses relating to the mentioned inventory.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of the management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on meeting other legal requirements

According to the C.2.a.(vi) point in Section II of the 8615-AM Loan Agreement signed between the Republic of Armenia ("RoA") and the International Bank for Reconstruction and Development ("IBRD") on May 12, 2016, and according to 4.14 point of the Sub-loan Agreement signed between the RoA Ministry of Finance and the Company on June 22, 2016, the Company undertakes not to incur any expenditure, debt or liability and not to provide loans or grants for the purposes that do not relate to the main activity of the Company, that is the production of the energy.

In our opinion, during the year ended 31 December 2024, the Company has maintained this requisite.




Sergey Yakovlev, FCCA
Engagement partner


21 April, 2025
Yerevan

"Armenian Nuclear Power Plant" CJSC
Statement of Comprehensive Income
For the year ended 31 December 2024

	Notes.	2024 AMD'000	2023 AMD'000
Revenue	5	41,046,793	42,685,488
Cost of sales	6	(42,025,046)	(43,529,552)
Gross loss		<u>(978,253)</u>	<u>(844,064)</u>
Other income	7	2,327,720	2,976,853
Administrative expenses	8	(1,902,689)	(1,877,417)
Other operating expenses	9	(702,619)	(514,817)
Operating loss		<u>(1,255,841)</u>	<u>(259,445)</u>
Finance income	10	2,347,464	2,538,596
Finance expenses	10	(4,274,871)	(5,011,295)
Net gain/(loss) from exchange rate differences		1,153,527	(1,450,049)
Loss before tax		<u>(2,029,721)</u>	<u>(4,182,193)</u>
Income tax reimbursement	11	(11,108)	(97,992)
Net loss for the year		<u>(2,040,829)</u>	<u>(4,280,185)</u>
Total comprehensive result for the year		<u>(2,040,829)</u>	<u>(4,280,185)</u>

The financial statements were approved and signed on behalf of the Company management on 21 April 2025.



Eduard Martirosyan
General Director



Emil Nikoghosyan
Chief Accountant

"Armenian Nuclear Power Plant" CJSC
Statement of Financial Position
As at 31 December 2024

	Notes	31.12.2024 AMD'000	31.12.2023 AMD'000
Assets			
Non-current assets			
Property, plant and equipment	12	86,829,808	98,414,213
Intangible assets		103,238	80,898
Non-current prepayments		4,478,197	2,909,257
Long-term deposits	15	5,032,072	-
Other financial assets		37,377	41,423
		<u>96,480,692</u>	<u>101,445,791</u>
Current assets			
Inventories	13	27,711,811	24,780,098
Trade and other receivables	14	6,078,305	6,471,948
Bank deposits	15	3,875,710	5,063,688
Cash and cash equivalents		5,108,048	17,022,200
		<u>42,773,874</u>	<u>53,337,934</u>
Total assets		<u>139,254,566</u>	<u>154,783,725</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	16	70,258,242	76,989,494
Grants related to assets	17	6,633,106	7,608,303
Deferred tax liabilities	11	1,605,700	1,594,592
		<u>78,497,048</u>	<u>86,192,389</u>
Current liabilities			
Loans and borrowings	16	12,617,782	12,883,418
Trade and other payables	18	13,775,493	15,735,965
Reserve for accrued vacation days		1,490,050	1,444,220
		<u>27,883,325</u>	<u>30,063,603</u>
Total liabilities		<u>106,380,373</u>	<u>116,255,992</u>
Equity			
Share Capital		18,453,776	16,662,404
Reserve capital		1,464,755	954,943
Additional capital		1,585,206	1,585,206
Retained earnings		11,370,456	19,325,180
Total equity	19	<u>32,874,193</u>	<u>38,527,733</u>
Total liabilities and equity		<u>139,254,566</u>	<u>154,783,725</u>

The financial statements were approved and signed on behalf of the Company management on 21 April 2025.


Eduard Martirosyan
General Director


Emil Nikoghosyan
Chief Accountant





"Armenian Nuclear Power Plant" CJSC
Statement of cash flows

For the year ended 31 December 2024

	Notes	2024 AMD'000	2023 AMD'000
Cash flows from operating activities			
Cash received from sales		49,146,899	51,407,124
Other cash receipts		587,477	981,803
Cash paid to employees		(6,406,847)	(5,982,067)
Cash paid to suppliers and other creditors		(26,047,821)	(18,178,857)
Taxes and other mandatory payments made		(7,679,005)	(8,605,839)
Other payments		(233,944)	(539,404)
Net cash flow from operating activities		9,366,759	19,082,760
Cash flows from investing activities			
Payments for acquisition of non-current assets		(5,396,300)	(4,425,912)
Net cash repaid from deposits placed		(3,810,885)	2,726,619
Interest received		2,313,853	19,255,955
Net cash flow (used in)/from investing activities		(6,893,332)	17,556,662
Cash flows from financing activities			
Decrease in share capital	19	(3,202,541)	-
Paid dividend	19	(410,170)	-
Proceeds from loans and borrowings	16	5,965,000	-
Repayment of loans and borrowings		(11,960,299)	(14,107,378)
Interest paid	16	(4,718,487)	(5,519,844)
Net cash used in financing activities		(14,326,497)	(19,627,222)
Net cash flows		(11,853,070)	17,012,200
Effect of changes in exchange rates on cash and cash equivalents		(61,082)	4,352
Cash and bank balances at 1 January		17,022,200	5,648
Cash and bank balances at 31 December		5,108,048	17,022,200

The financial statements were approved and signed on behalf of the Company management on 21 April 2025.


Eduard Martirosyan
General Director


Emil Nikoghosyan
Chief Accountant



“Armenian Nuclear Power Plant” CJSC
Index to notes forming part of the financial statements.
For the year ended 31 December 2024

1. COMPANY OVERVIEW	11
2. BASIS OF PREPARATION	12
3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS.....	16
4. FINANCIAL INSTRUMENTS – RISK MANAGEMENT.....	17
5. REVENUE	20
6. COST OF SALES	21
7. OTHER INCOME.....	21
8. ADMINISTRATIVE EXPENSES	21
9. OTHER OPERATING EXPENSES	22
10. FINANCIAL INCOME AND FINANCIAL EXPENSES.....	22
11. INCOME TAX	23
12. PROPERTY, PLANT AND EQUIPMENT.....	25
13. INVENTORIES	27
14. TRADE AND OTHER RECEIVABLES	28
15. BANK DEPOSITS	28
16. LOANS AND BORROWINGS.....	29
17. GRANTS RELATED TO ASSETS.....	31
18. TRADE AND OTHER PAYABLES	32
19. CAPITAL AND RESERVES	32
20. TRANSACTIONS WITH RELATED PARTIES.....	33
21. CONTINGENCIES.....	33
22. EVENTS OCCURRING AFTER THE REPORTING PERIOD.....	34
23. SUMMARY OF ACCOUNTING POLICIES	34
ANNEX A – IFRS 13 FAIR VALUE MEASUREMENT DISCLOSURES	38

1. Company overview

"Armenian Nuclear Power Plant" CJSC (the "Company") was established through reorganization of the Armenian Nuclear Power Plant SPE CJSC of the Republic of Armenia Ministry of Energy and Fuel based on the decree N 492 dated 14 October 1994.

The Company was registered in Armavir regional division of the State register of legal entities of the Republic of Armenia on 29 July 1996 in accordance with the legislation of the Republic of Armenia.

100% of the Company shares belong to the Government of the Republic of Armenia.

The Company operates under the following licenses:

- License for electricity and capacity generation, issued on June 21, 1999, by the Energy Commission of the Republic of Armenia, is valid until June 10, 2029
- License for exploitation of the nuclear plant, issued by the State Committee for Nuclear Safety Regulation under the Government of the Republic of Armenia issued on 1 April 2011; valid through 1 April 2031.
- License for import of radioactive materials, issued by the State Committee for Nuclear Safety Regulation under the Government of the Republic of Armenia issued on 17 February 2006; valid through 17 February 2026.
- License for use of radioactive materials, issued by the State Committee for Nuclear Safety Regulation under the Government of the Republic of Armenia issued on 4 May 2006; valid through 4 May 2026.
- Other licenses necessary for operation of the Company.

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

According to the Government Decree N 98 dated 4 April 1996, the Company is considered as a nuclear plant operator and is acting in accordance with the international agreements related to nuclear energy ratified by the Republic of Armenia.

According to the charter the Company's main activities are secure and effective exploitation of nuclear power objects, electricity production, sale and export.

The Company's production facilities include two power units. According to the USSR Council of Ministers decree two power blocks have been deactivated in 1989 due to safety reasons. In 1993 the Government of the Republic of Armenia made a resolution on resuming the operations of the nuclear power plant. A framework for resuming the operations of the power units of the plant was elaborated, and details of necessary activities to increase the security of the N2 power unit. On 5 November 1995, the N2 power unit resumed its operation.

Currently, two projects are being implemented by the Company:

- Program for the extension of Unit 2 operation, in accordance with the agreement signed on February 5, 2015, between the Governments of the Republic of Armenia and the Russian Federation, and the loan agreement signed between the Company and the Ministry of Finance on July 10, 2020.
- Energy sector financial recovery program, financed through the resources of Loan Agreement No. 8615-AM, signed on May 16, 2016, with the International Bank for Reconstruction and Development. The program aims to support the Republic of Armenia's efforts to maintain adequate and reliable electricity supply by improving the financial condition of state-owned electricity generating companies and the private electricity distribution company.

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.
For the year ended 31 December 2024

The company produces up to 40% of the electricity consumed in the Republic of Armenia.

The number of employees of the Company as of 31 December 2024 is 1,530 (31 December 2023-1,564).

Armenian business environment

The Company undertakes its operations in Armenia. Accordingly, the company's operations are affected by the economic and financial markets of Armenia.

Legal, tax, and legislative systems continue to develop being subject to several interpretations and frequent changes, which among other legal and financial obstacles creates additional complications for organizations operating in Armenia.

On February 2022, because of the military conflict between the Russian Federation and Ukraine, a number of countries imposed sanctions against the Russian Federation. The conflict affects not only the economic activity of two countries but the global economy as well. As a result of sanctions, commodity and food prices have risen in many countries around the world, the established links between supply of resources have been disrupted, inflation also affects the prices, and analysts also forecast economic implications for the global industry.

The level of business activity in the Russian Federation also has a significant impact on the economic environment of the Republic of Armenia, as there are significant flows of funds from the Russian Federation to the Republic of Armenia. Therefore, the political tension in the region, international sanctions, stock market instability, acute inflation and other risks facing the Russian Federation may have a negative impact on the RA economy.

The Armenian economy has successfully weathered the current global turbulence and managed to record impressive macroeconomic indicators in both 2024 and 2023, mainly due to tourism, the relocation of a number of companies to Armenia, and a significant increase in remittances. All of the above factors led to an 8.1% GDP growth in January-October 2024. The government's 2021-2026 economic program aims to develop an export-oriented and investment-led growth model through large-scale reform efforts.

Such an environment has a significant impact on the company's operations and its financial situation. The Company undertakes the necessary activities to ensure the stability of its operations. Nevertheless, given the unpredictable nature of events, the Management does not have the ability to give a reliable assessment of the impact such circumstances will have on the company's financial position for the coming years.

The future effects of the current economic situation and the actions to be taken by the Government are difficult to predict, and the Company's management's current expectations and estimates may differ from actual results.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards, and Interpretations (collectively IFRSs).

The principal accounting policies adopted in the preparation of the financial statements are set out in note 23. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are presented in AMD, which also represents the functional currency of the Company.

All the amounts are rounded to the nearest thousand unless otherwise stated.

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates and judgments. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

Basis of measurement

The financial statements have been prepared on a historical cost basis, except for investments in shares, which are measured at fair value through other comprehensive income.

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2024

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)

On 25 May 2023, the IASB issued Supplier Finance Arrangements, which amended IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (the Amendments). These Amendments arose as a result of a submission received by the IFRS Interpretations Committee (the Committee) about the presentation requirements for liabilities and associated cash flows arising out of supply chain financing arrangements and related disclosures. In December 2020, the Committee published an Agenda Decision Supply Chain Financing Arrangements—Reverse Factoring that addressed this submission based on the requirements in IFRS Accounting Standards existing at that time. During this process, the feedback from stakeholders indicated limitations of the then existing requirements to address important information needs of users to understand the effects of supplier finance arrangements on an entity's financial statements and to compare one entity with another.

In response to this feedback, the IASB undertook a narrow scope standard setting, leading to the Amendments. The Amendments require entities to provide certain specific disclosures (qualitative and quantitative) related to supplier finance arrangements. The Amendments also provide guidance on characteristics of supplier finance arrangements.

Lease Liability in a Sale and Leaseback (Amendment to IFRS 16)

The IFRS Interpretations Committee issued an agenda decision in June 2020 - Sale and leaseback with Variable Payments. This matter was referred to the IASB for standard setting for some aspects. The IASB issued the final amendments in September 2022.

The Amendments provide a requirement for the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)

The IASB issued amendments to IAS 1 - Classification of Liabilities as Current or Non-current in January 2020, which have been further amended partially by amendments Noncurrent Liabilities with Covenants issued in October 2022. The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.

As a result of the COVID-19 pandemic, the Board deferred the effective date of the amendments by one year to annual reporting periods beginning on or after 1 January 2024.

Non-current Liabilities with Covenants (Amendment to IAS 1)

Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the

reporting period and not if the entity is required to comply with the conditions after the reporting period.

The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

These amendments had no impact on the financial statements of the Company

b) New standards and amendments to IFRSs issued but not yet effective.

A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these consolidated financial statements.

Lack of Exchangeability (Amendment to IAS 21)

On 15 August 2023, the IASB issued Lack of Exchangeability which amended IAS 21 The Effects of Changes in Foreign Exchange Rates (the Amendments). The Amendments arose as a result of a submission received by the IFRS Interpretations Committee about the determination of the exchange rate when there is a long-term lack of exchangeability. IAS 21, prior to the Amendments, did not include explicit requirements for the determination of the exchange rate when a currency is not exchangeable into another currency, which led to diversity in practice. The Committee recommended that the IASB develop narrow-scope amendments to IAS 21 to address this issue. After further deliberations, the IASB issued an exposure draft of the proposed amendments to IAS 21 in April 2021 and the final amendments were issued in August 2023. The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

The following changes will enter into force for the period starting on 1 January 2026.

Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In response to matters that had been raised to the IFRS Interpretations Committee as well as matters that arose during the post-implementation review of classification and measurement requirements of IFRS 9 Financial Instruments, in May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments. The Amendments modify the following requirements in IFRS 9 and IFRS 7:

Derecognition of financial liabilities

- Derecognition of financial liabilities settled through electronic transfers.

Classification of financial assets

- Elements of interest in a basic lending arrangement (the solely payments of principle and interest assessment - 'SPPI test')
- Contractual terms that change the timing or amount of contractual cash flows
- Financial assets with non-recourse features
- Investments in contractually linked instruments.

Disclosures

- Investments in equity instruments designated at fair value through other comprehensive income
- Contractual terms that could change the timing or amount of contractual cash flows.

The Amendments may significantly affect how entities account for the derecognition of financial liabilities and how financial assets are classified. The Amendments permit an entity to early adopt only the amendments related to the classification of financial assets and the related disclosures and apply

the remaining amendments later. This would be particularly useful to entities that wish to apply the Amendments early for financial instruments with ESG (Environmental, Social and Governance)-linked or similar features.

Annual Improvements to IFRS Accounting Standards

Annual improvements are limited to changes that either clarify the wording in an IFRS Accounting Standard, or correct relatively minor unintended consequences, oversights or conflicts between requirements of the Accounting Standards. The proposed improvements are packaged together in one document. This cycle of annual improvements addresses the following:

- Hedge Accounting by a First-time Adopter (Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards)
- Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7)
- Gain or Loss on Derecognition (Amendments to IFRS 7)
- Introduction and Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7)
- Derecognition of Lease Liabilities (Amendments to IFRS 9)
- Transaction Price (Amendments to IFRS 9)
- Determination of a ‘De Facto Agent’ (Amendments to IFRS 10)
- Cost Method (Amendments to IAS 7).

The final amendments were issued in July 2024.

The following changes will enter into force for the period starting on 1 January 2027.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements and is mandatorily effective for annual reporting periods beginning on or after 1 January 2027. IFRS 18, which was published by the IASB on 9 April 2024, sets out significant new requirements for how financial statements are presented, with particular focus on:

- The statement of profit or loss, including requirements for mandatory sub-totals to be presented. IFRS 18 introduces requirements for items of income and expense to be classified into one of five categories in the statement of profit or loss. This classification results in certain sub-totals being presented, such as the sum of all items of income and expense in the operating category comprising the new mandatory ‘operating profit or loss’ sub-total.
- Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.
- Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards with adjustments made (e.g. ‘adjusted profit or loss’). Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS Accounting Standards. The aim of the IASB in publishing IFRS 18 is to improve comparability and transparency of companies’ performance reporting. IFRS 18 has also resulted in narrow changes to the statement of cash flows.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On 9 May 2024, the International Accounting Standards Board (IASB) issued IFRS 19 Subsidiaries without Public Accountability: Disclosures. Stakeholders have asked the IASB to permit a subsidiary reporting to a parent applying IFRS Accounting Standards in its consolidated financial statements to apply IFRS Accounting Standards with reduced disclosure requirements in its own financial statements. Considering this feedback, the IASB added a project to its research pipeline to provide reduced disclosure requirements for subsidiaries without public accountability. The project has culminated in the issuance of IFRS 19, which permits eligible subsidiaries to apply reduced disclosure requirements while applying

the recognition, measurement and presentation requirements in IFRS Accounting Standards. For example, under IFRS 19, an entity that has transactions within the scope of IFRS 2 Share-based Payment would not apply the disclosure requirements in IFRS 2.44-52, which are extensive. Instead, an entity would disclose only the information contained in paragraphs 31-34 of IFRS 19, which include a description of share-based payment arrangements, the number and weighted average exercise prices of share options, how an entity measures the fair value of equity settled share-based payment transactions and other general information about transactions in the scope of IFRS 2. As an indication of the scope of the reduction in disclosure requirements, IFRS 2 currently contains 991 words in its disclosure requirements, whereas IFRS 19 contains only 250 words relating to IFRS 2 disclosures. The eligibility criteria for an entity to apply IFRS 19 are:

- The entity is a subsidiary (as defined in Appendix A of IFRS 10 Consolidated Financial Statements);
- The entity does not have public accountability; and
- The entity has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. An entity has public accountability if:
 - Its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market; or
 - It holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses

3. Significant accounting estimates and judgments

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual outcome may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful life of property, plant, and equipment (Note 23)

The management has made an assessment of the useful life of the fixed assets on the basis of the current nuclear power plant modernization program, according to which the nuclear power plant operational life will be extended for another 10 years from the start of the project. If the operational life of the plant is extended for more than 10 years, the actual useful life of the fixed assets will differ from current estimates, which could have a material impact on the financial statements.

Impairment of inventory (Note 13)

The Company assesses impairment provision for inventory with impairment indication at each year end, particularly for those of slow-moving or obsolete.

Measurement of fair values

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

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

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

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

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

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

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

4. Financial instruments - risk management

The Company is exposed through its operations to the following financial risks:

- Credit risk,
- Fair value or cash flow interest rate risk,
- Currency risk
- Liquidity risk.

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

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods(unless otherwise specified).

(a) The main financial instruments

The principal financial instruments used the Company, from which financial instrument risks arise, are as follows:

- Trade receivables
- Bank deposits
- Cash and cash equivalents
- Other financial assets
- Loans and borrowing
- Trade payables

(b) Financial instruments by categories

Financial assets

	<i>Measured at amortized cost</i>	
	31/12/2024	31/12/2023
	AMD'000	AMD'000
Bank deposits	8,907,782	5,063,688
Trade receivables	5,751,606	5,654,950
Cash and cash equivalents	5,108,048	17,022,200
	19,767,436	27,740,838

	<i>Measured at fair value through other comprehensive income</i>	
	31.12.2024	31.12.2023
	AMD'000	AMD'000
Investment in shares	37,377	41,423
	37,377	41,423

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

Financial liabilities	Measured at amortized cost	
	31.12.2024 AMD'000	31.12.2023 AMD'000
Loans and borrowings	82,876,024	89,872,912
Trade payables	12,386,929	14,091,493
	<u>95,262,953</u>	<u>103,964,405</u>

(c) Financial instruments not measured at fair value

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

Carrying amounts of trade receivables, deposits, cash and cash equivalents, loans and borrowings, trade and other payables equal their fair value.

Annex A details the fair value hierarchy, valuation techniques, and significant non-observable inputs related to the fair value of loans and borrowings that are included in the fair value hierarchy at Level 3.

Common goals, policy, and processes

General management of the Company's operations is carried out by the Board of Directors (except the matters reserved for the Shareholders General Meeting).

The main goal of the Board of Directors is to establish a policy that will reduce the risk as much as possible, without having impact on its competitiveness and flexibility. Details of this policy are presented below.

Credit risk

Credit risk is the risk the Company may incur financial losses resulting from the third parties' failure to discharge their obligations to the Company.

Credit risk also arises from cash and cash equivalents and deposits held in banks. The company places its funds only in the largest Armenian banks.

Market risk

Market risk arises from the Company's interest rate, trading, and foreign currency financial instruments. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change of interest rate (interest rate risk), foreign exchange rate (foreign currency risk) or other market factors (other market factors' risk).

Fair value and cash flow related interest rate risk

Fair value risk arises from floating rate long term borrowings as presented in Note 18.

In case the interest rate of the loan with variable interest rate is 1% higher / lower, if the other variables are stable, the Company's net profit for the year ended 31 December, 2024 will decrease/increase by 35,323 thousand drams (2023 profit will decrease/increase by 36,154 thousand drams).

Foreign currency risk

Currency risk arises when the transactions are not expressed in the functional currency.

For assets and liabilities denominated in other currencies, the Company refers to the rates published by the Central Bank of Republic of Armenia as at the reporting date which is presented below (currency unit value expressed in AMD).

31.12.2024

31.12.2023

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

	AMD'000	AMD'000
1 USD	396.56	404.79

The structure of foreign currency financial assets and financial liabilities of the Company by currencies as at 31 December 2024 and 2023, is as follows:

	USD	
Financial assets	31.1	31.1
	2.20	2.20
	24	23
	AM	
	D'O	AMD
	00	'000
Cash and cash equivalents	80	81
Total financial assets	80	81
Financial liabilities		
	(37,	(45,
Loans and borrowings	892,	691,
	498)	853)
	(3,2	(5,5
Trade and other payables	15,7	11,1
	97)	15)
	(41,	
Total financial liabilities	108	(51,
	,29	202,
	5)	968)
	(41,	
Net position	108	(51,
	,21	202,
	5)	887)

As of the reporting date, the 10% appreciation of the US Dollar against the AMD will result in net assets and year-end (decrease)/increase of the Company's net profit by AMD 4,110,822 thousand (2023: AMD 5,120,289 thousand).

Liquidity Risk

Liquidity risk arises on Company's current capital management, financial expense, and settlement of principal amounts of debt instruments. Liquidity risk is the risk that the Company will encounter difficulty on settlement of financial liabilities within the set deadlines.

According to the Company's policy, the Company shall have sufficient cash to settle the liabilities. In this regard, it strives to maintain sufficient liquid funds to repay the obligations. Sufficiency of liquid funds is also ensured through the use of unutilized loan funds as defined in the lending agreements (Note 16).

The following table presents the remaining contractual maturities (undiscounted contractual cash flows) of financial liabilities:

	Less than 3 months AMD'000	3 months to 6 months AMD'000	6 months to 12 months AMD'000	1-5 years AMD'000	More than 5 years AMD'000	Total undiscounted liabilities AMD'000	Carrying value AMD'000
31 December 2024							
Loans and	5,009,679	3,969,173	8,281,320	62,437,125	25,281,099	104,978,396	82,876,024

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

borrowings							
Trade payables	4,176,379	-	-	8,210,550	-	12,386,929	12,386,929
	<u>9,186,058</u>	<u>3,969,173</u>	<u>8,281,320</u>	<u>70,647,675</u>	<u>25,281,099</u>	<u>117,365,325</u>	<u>95,262,953</u>
31 December 2023							
Loans and borrowings	5,333,250	1,604,113	10,563,041	61,270,676	34,021,676	112,792,756	89,872,912
Trade payables	6,280,943	-	-	7,810,550	-	14,091,493	14,091,493
	<u>11,614,193</u>	<u>1,604,113</u>	<u>10,563,041</u>	<u>69,081,226</u>	<u>34,021,676</u>	<u>126,884,249</u>	<u>103,964,405</u>

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern and provide adequate return to the shareholder. The capital structure of the Company consists of loans and borrowings (current and non-current liabilities) and equity (comprising share capital, reserves, other capital and retained earnings.)

The amounts managed as capital by the Company for the reporting periods are summarized as follows:

	31.12.2024	31.12.2023
	AMD'000	AMD'000
Borrowings	82,876,024	89,872,912
Less cash and cash equivalents	(5,108,048)	(17,022,200)
Less short term bank deposits	(3,875,710)	(5,063,688)
	<u>73,892,266</u>	<u>67,787,024</u>
Equity	<u>32,874,193</u>	<u>38,527,733</u>
Borrowings/Equity ratio	<u>2.2</u>	<u>1.8</u>

5. Revenue

	2024	2023
	AMD'000	AMD'000
Sale of electricity	41,046,793	42,685,488
	<u>41,046,793</u>	<u>42,685,488</u>
Delivered electricity million kWt/h	2,629	2,631
Average tariff AMD / kWt/h (excluding VAT)	15.61	14.61

Tariffs on the Company electricity supply and capacity provision are calculated and determined in accordance with principals set at Republic of Armenia law "On energy" and calculation methods approved by related decrees of the Public Services Regulator Commission of the Republic of Armenia.

Tariffs are usually revised once a year.

Tariffs stated for the produced electricity and provided power 1 kWt/h (excluding VAT) are presented below.

Start date	Electricity	Capacity
1/2/2022	15.92	19,105.00
1/2/2023	15.44	-
1/8/2023	15.09	-
1/2/2024	15.14	-

*From 1 February 2024, a new tariff of AMD 15.138 has been set.

Since February 2022, the Armenian electricity market has been gradually moving from a fully regulated structure to a liberalized market structure, gradually introducing components of a competitive market.

“Armenian Nuclear Power Plant” CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

These changes are aimed at ensuring access of new participants to the electricity market and providing consumers with the opportunity to choose an electricity supplier, as well as stimulating electricity trade with other countries.

As part of the efforts to liberalize the Armenian electricity market and stimulate interstate trade, a phased liberalization of the Armenian electricity market has been launched on 1 February 2022 and it is planned to fully liberalize it by 1 February 2025.

6. Cost of Sales

	2024	2023
	AMD'000	AMD'000
Depreciation and amortization	24,436,062	23,317,245
Cost of nuclear fuel	6,897,433	6,879,621
Employee salaries	6,773,645	6,117,440
Maintenance and repair expenses	1,462,747	963,835
Cost of materials used	1,054,503	866,073
Nuclear plant operation fee	400,000	400,000
Security	399,185	399,184
Gas and electricity	322,899	406,674
Cost of purchased and sold electricity	278,462	4,147,476
Other expenses	110	32,004
	<u>42,025,046</u>	<u>43,529,552</u>

7. Other income

	2024	2023
	AMD'000	AMD'000
Income from grants (Note 17)	1,978,482	1,889,094
Income from penalties and fines	133,949	256,515
Income from sale of inventories	130,365	-
Income from operating lease	12,400	10,446
Income from receipt of contractual guarantee amount	-	579,645
Recognition of inventories from disposed fixed assets	-	6,315
Income from changes in inventory values	-	22,416
Other income	72,524	212,422
	<u>2,327,720</u>	<u>2,976,853</u>

8. Administrative expenses

	2024	2023
	AMD'000	AMD'000
Employee compensation	1,668,016	1,625,939

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

Mandatory payments	58,495	61,828
Depreciation and amortization	52,052	48,396
Banking and insurance expenses	33,659	29,905
Material expenses	18,763	19,873
Travel expenses	16,516	18,070
Postal and communication services	10,827	11,362
Audit and consulting expenses	7,439	8,016
Other	36,922	54,028
	<u>1,902,689</u>	<u>1,877,417</u>

9. Other operating expenses

	2024	2023
	AMD'000	AMD'000
Depreciation and amortization	266,260	247,966
Foreign exchange difference expenses	107,655	26,032
Membership fees	102,622	84,945
Taxes and duties	89,907	1,241
Trade union expenses	71,187	63,574
Employee compensation	40,995	54,964
Disposal of fixed assets	19,946	27,828
Impairment expenses	1,334	-
Legal expenses	68	7,414
Penalties	65	853
Other expenses	2,580	-
	<u>702,619</u>	<u>514,817</u>

10. Financial income and financial expenses

	2024	2023
	AMD'000	AMD'000
Interest income from bank deposits	807,649	1,759,823
Interest income from bank accounts	1,539,815	778,773
Total financial income	<u>2,347,464</u>	<u>2,538,596</u>
Interest expenses on loans and borrowings received from the RA Ministry of Finance	(4,274,871)	(5,011,295)
Total financial expenses	<u>(4,274,871)</u>	<u>(5,011,295)</u>
	<u>(1,927,407)</u>	<u>(2,472,699)</u>

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

11. Income tax

	2024	2023
	AMD'000	AMD'000
Tax expense on temporary differences	11,108	97,992
Total income tax expense	11,108	97,992

A 18% income tax rate is applied on the Company's taxable profit (2023: 18%).

Reconciliation of effective tax rate is as follows:

	2024		2023	
	AMD'000	Effective tax rate (%)	AMD'000	Effective tax rate (%)
Loss before taxation	(2,029,721)		(4,182,193)	
Tax reimbursement at 18% tax rate	(365,350)	(18.0)%	(752,795)	(18.0)%
Non-deductible expenses, net	162,518	(8.01)%	631,955	(15.11)%
Unrecognized tax loss	213,940	-	218,832	(5.23)%
Income tax expense	11,108	9.99%	97,992	(2.34)%

Details of deferred tax liabilities, amounts recognized in profit or loss, and other amounts recognized as a result of other comprehensive income are presented below.

	As of 1 January 2024 AMD'000	(Accrued) / at the expense of reduced profit or loss AMD'000	As of 31 December 2024 AMD'000
Property, plant and equipment	(2,026,996)	(19,590)	(2,046,586)
Inventories	172,444	233	172,677
Trade and other payables	259,960	8,249	268,209
Tax loss	218,832	(4,891)	213,941
Total deferred tax liability	(1,375,760)	(15,999)	(1,391,759)
Derecognition of a tax asset	(218,832)	4,891	(213,941)
Recognized deferred tax liability	(1,594,592)	(11,108)	(1,605,700)

	As of 1 January 2023 AMD'000	(Accrued) / at the expense of reduced profit or loss AMD'000	As of 31 December 2023 AMD'000
Property, plant and equipment	(1,940,940)	(86,056)	(2,026,996)
Inventories	176,480	(4,036)	172,444
Trade and other payables	267,860	(7,900)	259,960

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

Tax loss	-	218,832	218,832
Total deferred tax liability	(1,496,600)	120,840	(1,375,760)
Recognition of tax asset	-	(218,832)	(218,832)
Recognized deferred tax liability	(1,496,600)	(97,992)	(1,594,592)

No deferred tax asset has been recognized for the accumulated loss, as it is unlikely that future years of tax profit will be available that will be sufficient to utilize the tax loss.

Unrecognized tax loss of the Company according to the years of origins and period of validity is presented below.

Year of origin	Period of validity	Tax loss AMD'000	Unrecognized deferred tax asset AMD'000
2020	31/12/2025	3,027,649	544,977
2021	31/12/2026	8,396,830	1,511,429
2022	31/12/2027	34,035	6,126
2023	31/12/2028	1,215,736	218,332
2024	21/12/2029	1,188,559	213,940

“Armenian Nuclear Power Plant” CJSC
Notes forming part of the financial statements.
For the year ended 31 December 2024

12. Property, plant and equipment

	Land	Buildings	Transmission lines	Machinery and equipment	Vehicles, furniture and fixtures, Other	Construction in progress	Total
AMD'000							
Balance as of							
1 January 2023	7,612,620	23,416,623	8,675,627	171,501,719	7,933,890	11,560,450	230,700,929
Additions	-	653,690	9,520	2,963,677	657,929	2,276,285	6,561,101
Disposals	-	(19,196)	-	(130,939)	(2,902)	(22,084)	(175,121)
Transfers	-	382,139	-	266,516	133,566	(782,221)	-
31 December 2023	7,612,620	24,433,256	8,685,147	174,600,973	8,722,483	13,032,430	237,086,909
Additions	-	624,943	136,049	4,183,126	22,383	8,213,358	13,179,859
Disposals	-	-	(2,641)	(205,760)	(37,659)	-	(246,060)
Reclassification from/to inventories	-	10,134	-	-	-	(19,133)	(8,999)
Reclassifications to/from intangible assets	-	-	-	(42,261)	-	-	(42,261)
Transfers	-	2,765,131	2,307	21,806	(2,460,880)	(328,364)	-
31 December 2024	7,612,620	27,833,464	8,820,862	178,557,884	6,246,327	20,898,291	249,969,448

“Armenian Nuclear Power Plant” CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

AMD'000	Land	Buildings	Transmission lines	Machinery and equipment	Vehicles, furniture and fixtures, Other	Construction in progress	Total
Accumulated depreciation and impairments							
Balance as of 1 January 2023	-	18,601,193	7,038,612	83,405,573	6,010,206	172,969	115,228,553
Charge for the year	-	1,192,235	404,686	21,526,444	467,712	-	23,591,077
Disposals	-	(15,369)	-	(128,659)	(2,906)	-	(146,934)
Transfers	-	-	-	(42,159)	42,159	-	-
31 December 2023	-	19,778,059	7,443,298	104,761,199	6,517,171	172,969	138,672,696
Charge for the year	-	1,422,707	408,036	22,376,867	465,454	-	24,693,064
Disposals	-	-	(1,453)	(194,439)	(30,229)	-	(226,120)
Transfers	-	1,120,047	-	(89,030)	(1,031,017)	-	-
31 December 2024	-	22,320,813	7,849,881	126,854,651	5,941,379	172,969	163,139,640
Carrying amount							
As of 1 January 2023	7,612,620	4,815,430	1,637,015	88,096,146	1,923,684	11,387,481	115,472,376
As of 31 December 2023	7,612,620	4,655,197	1,241,849	69,839,774	2,205,312	12,859,461	98,414,213
As of 31 December 2024	7,612,620	5,512,651	970,981	51,703,286	304,948	20,725,322	86,829,808

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

Construction in progress includes the value of works carried out within the framework of the project to extend the operation period of Unit 2 of the energy block, related to program management, evaluation of the residual resources of the block's systems and reactors, as well as the cost of certain equipment. On March 27, 2014, the Government of the Republic of Armenia approved the program to extend the operation period of Unit 2 of the nuclear power plant for 10 years. As described in Note 1, on February 5, 2015, an agreement was signed between the Governments of the Republic of Armenia and the Russian Federation to finance the above project. The program is implemented and managed by Rosatom Service LLC. As a result of the extension works, the operating period of the nuclear plant has been extended until 2036.

According to Decision No. 393-A of March 23, 2023, the Government of the Republic of Armenia decided to begin the process of extending the operation period of Unit 2 (until 2036) of the Armenian Nuclear Power Plant (hereinafter referred to as the Company) after September 2026 in order to substantiate the safe operation of Unit 2 and ensure the continuity of its operation.

The amount of capitalized borrowing costs is AMD 356,259 thousand in 2024 (2023: AMD 206,351 thousand), which have arisen as a result of borrowing costs incurred on special purpose loans (Note 16).

During 2017 the Company has performed valuation of its property, plant and equipment implemented by contracting an independent valuator, which resulted in the impairment loss of AMD 6,195,070 thousand.

As of 31 December 2024, the value of fully depreciated property, plant, and equipment amounted to AMD 11,248,385 thousand (2023: AMD 11,508,830 thousand):

Depreciation expense has been charged to:

	2024	2023
	AMD'000	AMD'000
Cost of Sales	24,370,818	23,294,715
Administrative expenses	52,052	48,396
Other operating expenses	270,194	247,966
	<u>24,693,064</u>	<u>23,591,077</u>

13. Inventories

	31.12.2024	31.12.2023
	AMD'000	AMD'000
Nuclear fuel in reactor	8,168,704	7,879,262
Nuclear fuel in storage	11,014,184	8,796,643
Spare parts	5,951,112	5,218,110
Raw materials	2,855,027	3,207,379
Fuel	199,016	160,810
Other	483,129	475,921
Impairment reserve	(959,361)	(958,027)
	<u>27,711,811</u>	<u>24,780,098</u>

Impairment provision is recognized in respect to the following items:

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

	31.12.2024	31.12.2023
	AMD'000	AMD'000
Raw materials	581,494	580,159
Spare parts	363,046	363,046
Other	14,821	14,822
	<u>959,361</u>	<u>958,027</u>

14. Trade and other receivables

	31.12.2024	31.12.2023
	AMD'000	AMD'000
Trade receivables	5,687,683	5,599,356
Other receivables	71,299	63,089
Impairment reserve	(7,376)	(7,495)
Total financial assets excluding cash and cash equivalents	<u>5,751,606</u>	<u>5,654,950</u>
Prepayments made	211,177	545,208
Impairment reserve	(1,983)	(1,983)
Prepayments for taxes	108,720	273,688
Other	8,785	85
	<u>326,699</u>	<u>816,998</u>
	<u>6,078,305</u>	<u>6,471,948</u>

As of 31 December 2024, the funds to be received from "Electric Networks of Armenia" CJSC in trade receivables amounted to AMD 4,031,389 thousand (As of December 2023 AMD 3,852,418 thousand):

As of 31 December 2024 and 2023, the Company estimated the impact of impairment to be insignificant.

15. Bank deposits

Short-term bank deposits

Financial institution	CCY	Interest rate	Maturity	Balance as at 31 December 2024	Balance as at 31 December 2023
Bank 1	AMD	10.75%	20/08/2025	2,903,784	5,063,688
Bank 2	AMD	10.75%	17/09/2025	971,926	-
Total				<u>3,875,710</u>	<u>5,063,688</u>

Long-term bank deposits

Financial institution	CCY	Interest rate	Maturity	Balance as at 31 December 2024	Balance as at 31 December 2023
Bank 1	AMD	10.75%	04/03/2026	5,032,072	-
Total				<u>5,032,072</u>	<u>-</u>

“Armenian Nuclear Power Plant” CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

16. Loans and borrowings

Loans and borrowings represent loans received from the Ministry of Finance under the Sub-Loan Agreements, which are financed within the loan agreements with the Ministry of Finance and International Bank for Reconstruction and Development and the Russian Federation.

Loans and borrowings from the Ministry of Finance are presented below by contracts:

	Currency	Date of maturity	Nominal interest rate (%)	Effective interest rate (%)	2024 AMD'000	2023 AMD'000
Intergovernmental loan from the Russian Federation	USD	10.07.2029	3.00%	3.00%	34,332,673	42,054,234
Loan from the Ministry of Finance	AMD	17.06.2033	9.00%	9.00%	20,268,037	22,661,199
Loan from the Ministry of Finance	AMD	10.07.2032	7.50%	7.50%	13,373,611	15,156,759
Loan from the Ministry of Finance	AMD	02.12.2036	9.86%	9.86%	5,984,014	-
Co-financing of the intergovernmental loan from the Russian Federation	AMD	10.07.2029	3.00%	3.00%	4,898,768	5,878,522
International Bank for Reconstruction and Development*	USD	15.11.2040	1.26%+*	1.26%+*	3,559,825	3,637,619
Budget loan from the Ministry of Finance	AMD	30.12.2035	0.75%	9.00%	459,096	484,579
					82,876,024	89,872,912

* The loan interest rate is floating and equals the sum of the Base Rate and the Variable Spread, as defined in the Loan Agreement No. 8615-AM signed between the Government of the Republic of Armenia and the International Bank for Reconstruction and Development on May 12, 2016. For 2024, it has averaged around 6%.

“Armenian Nuclear Power Plant” CJSC
Notes forming part of the financial statements.
For the year ended 31 December 2024

The Loan Agreements for current and non-current portions are presented below:

	Current 2024 AMD'000	Current 2023 AMD'000	Non- current 2024 AMD'000	Non- current 2023 AMD'000	Total 2024 AMD'000	Total 2023 AMD'000
Intergovernmental loan from the Russian Federation						
Loan from the Ministry of Finance	7,261,325	7,512,769	27,071,348	34,541,465	34,332,673	42,054,234
Loan from the Ministry of Finance	2,420,240	2,423,104	17,847,797	20,238,096	20,268,037	22,661,200
Loan from the Ministry of Finance	1,797,420	1,799,616	11,576,191	13,357,144	13,373,611	15,156,760
	9,670	-	5,974,345	-	5,984,015	-
Co-financing of the intergovernmental loan from the Russian Federation	1,036,084	1,050,167	3,862,684	4,828,354	4,898,768	5,878,521
International Bank for Reconstruction and Development	27,512	31,999	3,532,312	3,605,620	3,559,824	3,637,619
	65,531	65,763	393,565	418,815	459,096	484,578
Budget loan from the Ministry of Finance						
	<u>12,617,782</u>	<u>12,883,418</u>	<u>70,258,242</u>	<u>76,989,494</u>	<u>82,876,024</u>	<u>89,872,912</u>

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

An intergovernmental loan from Russian Federation

In accordance with the agreement between the Russian Federation and the Government of the Republic of Armenia dated 5 February 2015, the Russian Federation has provided an intergovernmental loan of USD 270,000 thousand and a grant of USD 30,000 thousand (Note 17) to finance the project for the extension of the exploitation period of the plant.

The loan term under the agreement was set on 31 December 2019, but as of 31 December 2019, only 173,575 thousand US dollars were used.

RA Ministry of Finance

Due to the unavailability of additional credit funds to finance the plant life extension program, the Government of the Republic of Armenia adopted decision No. 593-Ն on 11 June, 2020, according to which a long-term loan of AMD 63,200,000 thousand was provided from the State budget of the Republic of Armenia to finance the work on extending the life of the ANPP in the territory of the Republic of Armenia during 2020-2022. In 2020 AMD 18,700,000 thousand was used from the loan. In 2021, AMD 25,000,000 thousand was used from the loan. No loans are received during 2022 and 2023. During 2024, the Company received a budget loan of 5,965,000 thousand AMD for the purpose of implementing works to extend the operating life of a nuclear power plant in the territory of the Republic of Armenia.

In 2021, the company received a budget loan in the amount of AMD 2,242,224 thousand in order to repay loans raised to finance work on extending the life of a nuclear power plant in the territory of the Republic of Armenia and compensation for maintenance.

International Bank for Reconstruction and Development

In accordance with the loan agreement 8615-AM dated 12 May 2016 International Bank for Reconstruction and Development provided a loan to ANPP CJSC at the amount of USD 8,550 thousand for the Power Sector Financial Recovery Program.

The reconciliation of liabilities from financing activities is as follows:

	2024	2023
	AMD'000	AMD'000
Opening balance	89,872,912	103,073,220
Cash inflows from borrowings	5,965,000	-
Principal repayments in cash	(11,960,299)	(14,107,378)
Interest repayments in cash	(4,718,487)	(5,519,844)
Accrued interest in profit or loss (Note 10)	4,274,871	5,011,295
Capitalized interest on property, plant and equipment (Note 12)	356,259	206,351
Foreign currency revaluation	(914,232)	1,209,268
Closing balance	<u>82,876,024</u>	<u>89,872,912</u>

17. Grants related to assets

	31.12.2024	31.12.2023
	AMD'000	AMD'000
Balance at the beginning of the year	7,608,303	9,147,143
Received during the reporting year	1,003,285	350,254
Credited to profit or loss (recognized in other income) (Note 7)	(1,978,482)	(1,889,094)
Balance at the end of the year	<u>6,633,106</u>	<u>7,608,303</u>

As described in notes 1 and 16, according to the agreement signed between the Government of the Republic of Armenia and the Government of the Russian Federation, the Russian Federation has

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

provided an intergovernmental loan to the Government of the Republic of Armenia to finance the project for the extension of the exploitation period of the plant. According to the same agreement the Russian Federation had to provide grants at the amount of USD 30,000 thousand.

In addition to the above, the Company also receives grants from the Government of the Republic of Armenia and other international funding organizations.

18. Trade and other payables

	31.12.2024	31.12.2023
	AMD'000	AMD'000
Obligations related to nuclear power plant operation fees	8,210,550	7,810,550
Nuclear fuel payables	3,191,104	5,574,530
Acquisitions of fixed assets	559,660	53,920
Other payables	425,615	652,493
Financial instrument liability recognized	12,386,929	14,091,493
Advances received	137	339,756
Payables to employees	436,309	383,226
Payables on taxes and duties	952,118	921,490
	13,775,493	15,735,965

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

19. Capital and reserves

Share capital

As of December 31 2023, amounted to AMD 16,662,404 thousand.

On January 19, 2024, an increase in the authorized capital took place, raising it to 21,656,316 thousand AMD, consisting of 3,998 ordinary shares with a nominal value of 5,417 thousand AMD each. The capital increase of 4,993,913 thousand AMD was made from the undistributed earnings of 2022.

On September 5, 2024, the authorized capital was reduced by 3,202,540 thousand AMD in accordance with the Government's Decision No. 1435-N of September 5, 2024. The reduction was made through the transfer of cash funds.

The company's authorized capital as of December 31, 2024, amounted to 18,453,776 thousand AMD, consisting of 3,998 ordinary shares with a nominal value of 4,616 thousand AMD each.

Reserve capital

According to the charter the Company has to create a reserve capital at 15% of the share capital. The reserve capital is created through transfers from accumulated profit.

Additional capital

Additional capital represents the difference between the fair value and the contractual amount of the borrowings received from the owner.

Dividends

In 2024, the company declared a dividend of AMD 5,404,083 thousand based on the financial results of 2022 and 2023.

"Armenian Nuclear Power Plant" CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

20 Transactions with related parties

100% owner of the Company's shares and the ultimate controlling party is the Government of the Republic of Armenia

(a) Transactions with the Shareholder

Information on borrowings and interest expenses from shareholders is presented in Note 10 and 16.

(b) Compensation for key management personnel

	2024	2023
	AMD'000	AMD'000
Salaries and other benefits	<u>91,082</u>	<u>94,352</u>

21. Contingencies

21.1 Responsibility for the possible damage caused

Under the Vienna Convention on the Civil Responsibility for Nuclear Damage, the Company as an operator of a nuclear plant is liable for compensation for any nuclear damage caused because of plant exploitation. The amount, terms, and conditions of the compensation are determined by the legislation of the Republic of Armenia. According to the above Convention, the amount of compensation can be limited to a minimum of USD 5,000,000 for each incidence of damage. According to the legislation the Company is obliged to have sufficient financial resources to cover its responsibility for any possible damage caused. To meet the above requirement, the Company must make annual allocations to specifically designated funds in the amount of AMD 150,000 thousand. The mentioned amount is included in the tariffs for the electrical energy for the Company. No provision has been recognized in respect of this obligation in the Company's financial statements, since management believes the probability of the damage occurring is remote.

21.2 Insurance

The Company does not have full coverage for its business interruption and third-party liability arising from the Company operations.

21.3 Contingent liabilities and provisions

As of December 31, 2024, and up to the date of approval of these financial statements, the Company is not involved in any legal proceedings that could have a significant impact on the Company's financial position.

21.4 Environmental matters

Management is of the opinion that the Company has met the Government's requirements concerning environmental matters and, therefore, believes that the Company does not have any current material environmental liabilities. However, environmental legislation in Armenia is in process of development and potential changes in the legislation and its interpretation may give rise to material liabilities in the future.

21.5 Taxation

The tax, exchange rate, and customs systems in Armenia are characterized by frequent changes in legislation, official announcements, and court rulings, which are often unclear, contradictory, and interpreted differently by various tax authorities. Taxes are subject to inspection and review by tax authorities, which are authorized to impose penalties and fines. In cases of violation of tax legislation,

“Armenian Nuclear Power Plant” CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

tax authorities are not authorized to impose additional tax liabilities, penalties, or fines if more than three years have passed since the violation date.

These circumstances may present higher and more significant tax risks in Armenia compared to other countries. Management believes that it has properly assessed tax liabilities based on its interpretation of current Armenian tax legislation, official announcements, and court rulings. However, relevant authorities may have different interpretations, and the consequences could be material for these financial statements if the authorities succeed in enforcing their interpretations.

21.6 Responsibilities in term of procurement

As of 31 December 2024 the company has purchase commitments for capital investments of AMD 21,914,602 AMD'000 thousand (as of 31 December 2023 AMD 15,933,694 thousand):

22. Events occurring after the reporting period

According to the decision of the extraordinary general meeting (shareholder's resolution) of ANPP CJSC, a decision was made to decrease the Company's charter capital.

On 26 December 2024, the charter capital was decreased to AMD 18,412,235 thousand, consisting of 3,989 ordinary shares with a nominal value of AMD 4,616 thousand each. The decision entered into force and was officially registered on 6 March 2025.

23. Summary of Accounting Policies

Functional and presentation currencies

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

Foreign currency transactions

Foreign currency transactions are translated to AMD at the rates of exchange prevailing on the dates of the transactions. The currency rate applied is the average rate prevailing in the currency market published by the Central Bank of Armenia.

At each reporting date, foreign currency monetary assets and liabilities are translated at the rates defined by the Central Bank of Armenia prevailing on the reporting date. Revaluation differences arising from the outstanding monetary assets and liabilities are immediately recognized in the profit or loss.

Property, plant, and equipment

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Depreciation of construction in progress assets begins when the assets are available for use, complete and ready for use. For the remaining property, plant, and equipment items depreciation is calculated for the purpose of allocating the carrying amount during the expected useful life of the assets.

The estimated useful lives are as follows.

Property, plant and equipment	Useful life
Buildings and constructions	20-50 years
Transmission lines	20 years
Machinery and equipment	5-10 years
Vehicles	10 years
Other	1-10 years

Intangible assets

Intangible assets, which are acquired by the Company, and which have finite useful lives, are stated at cost less accumulated amortization and impairment losses. The estimated useful life of intangible assets is 2-5 years.

Inventories

Inventories are valued at the lower cost or net realizable value.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Nuclear fuel

Nuclear fuel is recognized in the statement of financial position under inventories. The fuel is received in rods, which are used by the Company for 5 to 6 years once placed into the reactor. Nuclear fuel is recognized as an expense based on calculations made on monthly basis by the technicians according to specially elaborated formulas. At the end of each reporting period, the amount recognized as an expense is adjusted by the amount of actually used fuel.

Financial instruments

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

Financial assets or liabilities are initially measured at fair value. In case when financial assets or liabilities are not classified in a group of financial instruments measured at fair value through profit or loss, the transaction costs are added (or removed) to the fair value, which are directly attributable to the purchase or issue of a financial asset or liability. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities, "measured at fair value through profit or loss", are recognized immediately in profit or loss.

Financial assets

Financial assets are classified in the following categories:

- (a) financial assets measured at fair value through profit or loss (FVTPL);
- (b) financial assets measured at fair value through other comprehensive income (FVOCI);
- (c) financial assets measured at amortized cost.

The classification depends on the nature of the cash flows resulting from the financial assets and the business model, under which the asset is held and designated at the time of initial recognition.

(a) Financial assets measured at fair value through profit or loss

A financial asset is classified as "measured at fair value through profit or loss" if it is neither classified as measured at amortized cost (as described below), nor as measured at FVOCI (as described below). Additionally, at initial recognition, the Company may irrevocably designate any financial asset (which meets the criteria for being measured at amortized cost or at FVOCI) as measured at FVTPL, if this eliminates or essentially reduces the accounting mismatch that could otherwise have arisen.

(b) A financial asset is classified as measured "at fair value through other comprehensive income" (FVOCI) if:

- It is held under a business model, which aims at collecting contractual cash flows and selling financial assets; and
- At initial recognition, it forms a part of the portfolio of certain financial instruments managed jointly by the Company and has a realistic possibility of short-term profit making; or
- Its contractual terms give rise to cash flows on the specified dates, which are solely interest payments on principal and outstanding principal.

(c) A financial asset is classified as measured “at amortized cost” if it complies with the following two conditions and has not been designated as measured at FVTPL:

- It is held under a business model, which aims at holding assets to collect contractual cash flows; and
- Its contractual terms give rise to cash flows on the specified dates, which are solely interest payments on principal and outstanding principal.

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

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

Financial liabilities

The Company's financial liabilities include loans and borrowings and trade payables. Financial liabilities are classified as measured “at fair value through profit or loss” (FVTPL) or as measured “at amortized cost”.

Company has no financial liability measured “at fair value through profit or loss” (FVTPL). Below is presented the accounting policy for financial liabilities measured at amortized cost.

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

Impairment

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

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

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

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Grants

Grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received.

Grants with a primary condition to purchase, construct, or otherwise acquire non-current assets are recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimation can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability as applicable.

Deferred taxes

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is legally enforceable right to set off the current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Revenue

Performance obligation and timing of revenue recognition

The majority of the company's revenue arises from the sale of electricity. Customers simultaneously receive and consume the benefits of the electricity supply, and the Company transfers control of the service over time, thereby satisfying its performance obligation and recognizing revenue over time. The variable compensation, which is the multiply of the amount of electricity consumed and the applicable tariffs, is determined based on meter readings taken at the end of each calendar month.

Determining the transaction price and allocating amounts to performance obligations

The Company's revenues are primarily derived from fixed price contracts and, therefore, the amount of revenue received from each contract is determined by those fixed prices, with each product having a fixed unit price. 2022 since February, Armenia's electricity market has gradually transitioned from a fully regulated structure to a liberalized market structure, gradually introducing competitive market components.

“Armenian Nuclear Power Plant” CJSC
Notes forming part of the financial statements.

For the year ended 31 December 2024

Annex A - IFRS 13 Fair value measurement disclosures

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

Financial statements account	Fair value AMD '000	Valuation technique	Fair value hierarchy level	Significant unobservable inputs
Short-term bank deposits	3,875,710	The carrying amount of short-term (less than 12 months) bank deposits is close to its fair value.	Level 2	Not applicable
Long-term bank deposits	5,032,072	The carrying amount of bank deposits is close to its fair value.	Level 2	Not applicable
Trade receivables	5,751,606	The carrying amount of short-term (less than 12 months) receivables is close to its fair value.	Level 2	Not applicable
Loans and borrowings	82,876,024	The carrying amount of loans and borrowings is close to its fair value.	Level 2	Not applicable
Trade payables	12,386,929	The carrying amount of short-term (less than 12 months) payables is close to its fair value.	Level 2	Not applicable