

PROGRAM PROSPECTUS

**“Telecom Armenia” OJSC**The Issuer’s Legal Name**Open Joint Stock Company**Organizational and Legal Form

24/1 Azatutyan Ave., Kanaker-Zeytun, 0014, Yerevan, Armenia

Phone: (+374 10) 410 410

Email: info@telecomarmenia.amWebsite: www.telecomarmenia.am**“Ameriabank” CJSC**Sole/Lead Arranger’s Name**Closed Joint Stock Company**Organizational and Legal Form

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REGISTRATION OF THIS PROGRAM PROSPECTUS BY THE CENTRAL BANK OF ARMENIA DOES NOT ENSURE THE SECURITY OF THE INVESTMENT, NOR DOES IT VERIFY THE ACCURACY OR AUTHENTICITY OF THE INFORMATION PRESENTED.

Type of Securities	Nominal, coupon-bearing Bonds
Form of Securities	Book-entry
Quantity of Securities	Corresponds to the volume and face value of the issuance
Face Value of Securities	AMD 100 thousand or USD 100, depending on the currency of the issuance
Program Volume	Up to USD 75 million
Coupon Payment	Subject to determination by the Issuer at least 5 Business Days prior to the start date of the Bond series placement
Circulation Period	Subject to determination by the Issuer at least 5 Business Days prior to the start date of the Bond series placement

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RESPONSIBLE PERSONS

“We, the undersigned individuals, certify that we have made all reasonable efforts to ensure that the information included in this program prospectus (the “**Program Prospectus**”) is accurate and complete. Accordingly, we certify that, to the best of our knowledge, the information included in this Program Prospectus is accurate and complete and does not contain omissions that may distort the content of this Program Prospectus.”

Signatures:

Aleksandr Yesayan	Chairman of the Board		
_____ (Name, Surname)	_____ (Position)	_____ (Signature)	_____ (Date)
Hayk Yesayan	Board Member, General Director		
_____ (Name, Surname)	_____ (Position)	_____ (Signature)	_____ (Date)
Aram Barseghyan	Board Member, Deputy Director		
_____ (Name, Surname)	_____ (Position)	_____ (Signature)	_____ (Date)
Albert Toneyan	Board Independent Member		
_____ (Name, Surname)	_____ (Position)	_____ (Signature)	_____ (Date)
Artavazd Minasyan	Board Independent Member		
_____ (Name, Surname)	_____ (Position)	_____ (Signature)	_____ (Date)
Tatevik Gevorgyan	Chief Accountant		
_____ (Name, Surname)	_____ (Position)	_____ (Signature)	_____ (Date)
Shushanik Hovsepyan on behalf of “Ameriabank” CJSC	Sole/Lead Arranger		
_____ (Name, Surname)	_____ (Position)	_____ (Signature)	_____ (Date)

Signatures are certified

Hayk Yesayan	General Director		
_____ (Name, Surname)	_____ (Position)	_____ (Signature)	_____ (Date)

stamp

PART 1. SUMMARY

NOTICE TO INVESTOR

THE SUMMARY SHOULD BE VIEWED AS A BRIEF INTRODUCTORY DESCRIPTION OF THIS PROGRAM PROSPECTUS.

AN INVESTOR’S DECISION REGARDING INVESTMENT IN THE PROPOSED SECURITIES SHOULD BE BASED ON THE COMPLETE PROGRAM PROSPECTUS.

Persons responsible for the preparation of this summary (the “**Summary**”) are subject to civil liability if the information contained in the Summary is incomplete or misleading (including with regard to translation), when read in conjunction with the other parts of this Program Prospectus.

The investor can obtain this Program Prospectus and its accompanying documents in electronic form from the websites www.telecomarmenia.am and www.ameriabank.am.

For the purposes of this Program Prospectus, all capitalized words used herein shall have the meanings ascribed to them within this Program Prospectus, including Appendix 3 (Definitions).

1.1 Information about the Issuer and its Activities

1.1.1 Issuer’s Information and Contact Details

Full Legal Name

Armenian	«Տելեկոմ Արմենիա» բաց բաժնետիրական ընկերություն
Russian	Открытое акционерное общество “Телеком Армения”
English	“Telecom Armenia” Open Joint Stock Company

Abbreviated Legal Name

Armenian	«Տելեկոմ Արմենիա» ԲԲԸ
Russian	ОАО “Телеком Армения”
English	“Telecom Armenia” OJSC

State Registration Location	24/1 Azatutyun Ave., Kanaker-Zeytun, 0014, Yerevan, Armenia
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State Registration Number	264.130.1310465
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Business Activity Location	Armenia
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Contact Information	Phone: +374-10-410410 Email: info@telecomarmenia.am Website: www.telecomarmenia.am
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For questions related to the Issuer, please contact Karen Gazazyan, Specialist in the Treasury Department of Telecom Armenia OJSC (the “Company” or “Issuer” or “Telecom Armenia”) at the following phone number: +374-10-410410.

1.1.2 Brief History of the Issuer

The Issuer’s history and strategy are described in detail in Section 3.3.1 of this Program Prospectus.

Telecom Armenia is the successor to Armenia’s first telecommunications system, with over 100 years of history.

The Company provides 2G (GSM), 3G (UMTS), and 4G (LTE) mobile services, fixed-line telephony, digital television services (IPTV and OTT), as well as fixed internet access via FTTH, FTTB, VDSL, and ADSL technologies.

In 1995, the predecessor of the Company, ArmenTel received License No. 60 for operating a public electronic communications network from the Public Services Regulatory Commission of Armenia (the “PSRC”).

In 1996, it launched the first 2G mobile network (GSM) in Armenia.

In 1998, OTE (Hellenic Telecommunications) acquired the shares of ArmenTel from an American company, which were later sold to the “VimpelCom” Ltd (now “VEON” Ltd) group in 2006-2007.

In 2007, the Company began offering fixed broadband internet services via ADSL technology.

Since 2007, License No. 60 has been extended several times, including by PSRC Resolution 277-A, dated August 2, 2023, whereby License No. 60 was extended through March 3, 2028.

In 2007, the Company received permission to use radio frequencies for the 3G mobile network (UMTS) and launched Armenia’s first 3G network in 2008.

In 2008, the Company initiated the intensive deployment of new 3G base stations. As of July 31, 2024, the Company operates 1,036 base stations (886 of which are macro stations), covering 98.2% of Armenia’s population.

In 2012, the Company launched FTTB broadband internet services in the fixed-line market.

In 2015, the Company introduced the first converged service package combining fixed-line and mobile communication services under one billing account.

In 2016, the Company launched 4G (LTE) mobile network, which currently covers 74.1% of Armenia’s population.

In 2016, the Company ensured access to fixed-line telephony and internet in 99% of rural communities in Armenia using wireless (CDMA) technology.

In 2017, the Company was renamed “VEON Armenia” CJSC.

In 2018, the Company launched VDSL broadband internet and IPTV services in the fixed-line market.

In 2019, the Company introduced the BeeTV app and more comprehensive converged service packages combining fixed and mobile services.

In October 2020, “Team” LLC¹ acquired 100% of the Company’s shares, and in November of the same year, the Company was renamed “Telecom Armenia” CJSC.

Since 2021, the Company has been constructing a unique NGN FTTH network in the region with speeds of up to 25 Gbps using 25XGS-PON technology. It also began offering data transit services from Asia to Europe to regional telecom operators via its DWDM optical fiber network.

In April 2021, the Company received a network operator license from the Television and Radio Commission of Armenia (the “**Television and Radio Commission**”), valid until April 29, 2031. In December of the same year, it was granted permission to broadcast non-linear audiovisual content, which is valid indefinitely.

Between 2008-2022, the Company operated under the “Beeline” brand.

In May 2022, the Company underwent rebranding and introduced the “Team Telecom Armenia” brand.

In 2023, the Company became the first in the telecommunications sector to launch an initial public offering (IPO), issuing 40 million shares with a total value of AMD 8.24 billion and listing the shares on Armenia Stock Exchange (the “**Exchange**” or “**Stock Exchange**”).

In 2023, the Company launched the innovative Team energy project aimed at interconnecting telecommunications, energy, and ecology, promoting the use of electric vehicles in Armenia and significantly reducing air pollution and transportation costs (the “**Team Energy Project**”).

1.1.3 Strategy of the Issuer

Telecom Armenia’s strategy is anchored in our mission to make human interaction and work more accessible and convenient through cutting-edge digital technologies. With this mission in mind, the Issuer aspires to become the industry leader by harnessing the creative potential of the team and the boundless possibilities of technology. To actualize this vision, Telecom Armenia is building upon the following pillars:

1.1.3.1 Team Ecosystem of Connected Products and Services

We are constructing a powerful and flexible network, server, and software infrastructure that will facilitate the rapid implementation and high-quality delivery of present and future services. We commit to continuously upgrading our communication networks and IT systems used in our daily operations. Our strategic imperative includes building the best 25 Gbps NGN in the region, which will drive the expansion and modernization of our fixed and mobile networks across the country. Our ambitious objective is to extend seamless connectivity to up to 500,000 households spread across Armenia, integrating them into our

¹ “Team” LLC was reorganized to “Team” CJSC on December 30, 2021

state-of-the-art FTTH network. These efforts will enhance the quality of services provided to individual subscribers and business customers, fostering the development of digital economy, trade, and entrepreneurship in Armenia. Additionally, by establishing a more flexible and faster internet infrastructure, Telecom Armenia will strengthen its position in providing data transit services to local and regional telecommunications operators.

As of June 30, 2024, the Company's 4G mobile network covers 15.35% of Armenia's territory, 21.97% of settlements, and 74.06% of the population. To expand 4G coverage, the Company continuously upgrades its Radio Access Network (RAN) and builds new base stations. In 2023, following the acquisition of a total of 40 MHz of frequency bands through tenders for 700 MHz radio frequencies, the Company plans to introduce a 5G network in Armenia's three largest cities.

Telecom Armenia continuously improves its digital platform services and aims to create an interconnected ecosystem of services that will provide the best experience for its customers. The Company plans to diversify its revenue by introducing innovative services with modern solutions. Pursuing this goal, in 2023, the Company became the first in Armenia's telecommunications sector to launch the innovative Team Energy Project, where telecommunications, energy, and ecology intersect. This project facilitates the spread of electric vehicles in Armenia, significantly reducing air pollution and transportation costs.

1.1.3.2 Team Customers

As the quality and availability of fixed and mobile communication services grow, the Company plans to increase its subscriber base by offering attractive convergent service packages, combining mobile services with fixed broadband internet, IPTV digital television, and fixed voice services. The Company emphasizes delivering the best customer experience at all touchpoints, including users of the Team apps and services, the growth of which is also a key priority for the upcoming years.

As a barometer of our efficacy in this endeavor, we diligently track the Net Promoter Score² (NPS), a key metric reflecting customer sentiment. Evaluation of customer satisfaction spans diverse facets including network quality, pricing transparency, commercial propositions, and service excellence across call centers and physical shops. In the NPS survey conducted in 2023, we have not only sustained but also augmented our NPS score by 0.3 percentage points, in contrast with declining trends among competitors.

To continuously enhance our customers' experience, we are introducing new systems and processes that improve self-care capabilities and facilitate seamless interactions with our services. Our aim is to make our customers' lives easier and more comfortable by leveraging innovative technologies and tailored solutions.

1.1.3.3 Team Services

Our goal is to become the preferred operator for customers seeking digital platform services, offering an ecosystem of connected products for an exceptional experience. To achieve this, we will create new digital

² NPS is a performance metric indicating how likely a customer is to recommend your company to a friend or a colleague on a scale from 0 to 10. Customers on the higher end of the scale (9,10) are called promoters. Those falling in the 0-6 range are considered as detractors. The Net Promoter Score is calculated by subtracting the percentage of detractors from the percentage of promoters, yielding a score between -100 to 100.

services that diversify our revenue streams and will adapt to the evolving labor market requiring new skills and knowledge.

In a pioneering step towards diversifying our service portfolio, we have introduced Team Energy Project - a groundbreaking project converging telecommunications, technology and ecological pursuits. This initiative is aimed at advancing the spread and accessibility of electric vehicles across Armenia; thus, markedly decreasing air pollution and transportation expenses. The expansive network of Team Energy Project electric vehicle charging stations now spans all across the country. Through a dedicated application, users can easily locate nearby charging points, initiate charging sessions, and make payments using bank cards. Moreover, the subscribers of Telecom Armenia can conveniently utilize their phone balance for payments.

1.1.3.4 Team Governance

As a leading telecommunications company, we acknowledge the crucial role of effective management and operational efficiency for our continued success. Therefore, we are actively pursuing the necessary funds to support our development and expansion. After successfully completing our IPO, we have demonstrated our commitment to transparency, openness, and above all, to winning the trust of our potential investors and customers, inspiring us to further leverage the capital market instruments.

Additionally, we are optimizing costs across all aspects of our operations, from infrastructure capacity utilization to supply chain management. By doing so, we aim to maintain the international industry standards of quality, information security and environmental protection while ensuring sustainable financial growth.

In 2023, the Company embarked on this journey by achieving compliance certification with ISO/IEC 27001:2013 standard. The certification was granted following a rigorous audit conducted by “CERT International” s.r.o. The audit encompassed assessments of the Company’s headquarters and all branches across Armenia and scrutinizing various facets, including physical and information security processes, training, procurement, and network security management.

Looking ahead, Telecom Armenia is steadfast in its pursuit of highest industry standards and continuous improvement by further targeting to obtain ISO 9001:2015 certification for quality and ISO 14001 certification for environmental management system. These endeavors underscore the Company’s commitment to optimizing resource utilization, adopting eco-friendly practices, and fostering a safe work environment, thereby ensuring sustainable business growth.

1.1.3.5 Team People

Collaboration and effective teamwork are essential for our success as a high-tech pioneer. We are fostering a culture of cross-functional cooperation and encourage employees to work together across departments, unlocking the full potential of our diverse talents.

Developing the leadership skills of our middle and senior managers is a top priority. We recognize the importance of effective leadership in navigating today’s fast-changing business environment. To equip our

management staff with the required competencies, we have launched the Middle Management Development Program (MMDP), aiming to enhance the management and leadership skills of our managers to enable them to make informed decisions, drive organizational growth, and inspire their teams.

Our commitment to promoting cross-functional cooperation, implementing a succession plan, and developing leadership skills demonstrates our dedication to nurturing our human capital and driving Telecom Armenia's success in the fast-paced and dynamic telecommunications industry.

1.1.4 Issuer's Charter Capital and Structure

As of the date of submitting this Program Prospectus for registration, the Company's charter capital consisted of AMD 22,837,709,000, divided into 188,377,090 Class "B" Common Shares (with voting rights of 10 votes per share) and 40 million Class "A" Common Shares (with voting rights of 1 vote per share), with both classes of shares having a face value of AMD 100. The shareholding structure of the Issuer is described in Section 3.5 of this Program Prospectus.

1.1.5 Issuer's Business Description

A detailed description of the Issuer's business is included in Section 3.4 of this Program Prospectus. The Company operates in Armenia's telecommunications market, offering fixed and mobile communication services, as well as various digital services. Additionally, the Company engages in the sale of equipment.

As of 2023, the Company's total revenue was AMD 34 billion, with 49% of the revenue generated from mobile communication services, 37% of the revenue generated from fixed communication services, 8% of the revenue generated from equipment sales, and 6% of the revenue generated from other sources.

In the first half of 2024, the Company's total revenue amounted to AMD 17.5 billion, with 47% of the revenue generated from mobile communication services, 40% of the revenue generated from fixed communication services, 8% of the revenue generated from equipment sales, and 6% of the revenue generated from other sources.

1.1.5.1 Mobile Communication Services

The Company provides voice and internet services in the mobile communication market. Alongside mobile communication services, the Company offers digital television services via a mobile app.

As of December 31, 2023, the number of active mobile subscribers was 1,044,939, with 9% increase compared to the previous year. By the June 30, 2024, the number of active mobile subscribers reached 1,051,679, an 8.9% increase compared to the same period of the previous year.

The mobile communication market consists of three operators: Telecom Armenia, "Ucom" CJSC ("Ucom"), and "Viva Armenia" CJSC ("Viva"). The Company consistently holds second place in terms of the number of subscribers in the mobile communication market, with a market share of 26% as of December 31, 2023.

In terms of revenue generated from the core mobile communication services (excluding equipment sales), the Company maintains a stable second place with a market share of 19.4% as of 2023.

1.1.5.2 Fixed-Line Communication Services

In the fixed-line communication market, the Company provides voice and internet services. Alongside fixed internet services, the Company offers digital television services using IPTV and OTT technologies.

As of December 31, 2023, the number of subscribers to the Company's fixed public electronic communication network (the "**Fixed-Line Subscribers**") was 296,448, with a 9% decrease compared to the previous year. This decrease is mainly due to a decline in the number of voice service subscribers.

As of June 30, 2024, the number of Fixed-Line Subscribers was 282,879, reflecting an 8.6% decrease compared to the same period of the previous year, again primarily due to a reduction in voice service subscribers.

The leading three operators in the fixed-line communication market are Telecom Armenia, Ucom, and "GNC-Alpha" CJSC ("**OVIO**"). The Company remains the market leader in terms of the number of Fixed-Line Subscribers, largely due to its historically dominant position in the fixed-line telephony market.

In the fixed broadband internet market, the Company holds second place by subscriber count, with a 32% market share as of December 31, 2023.

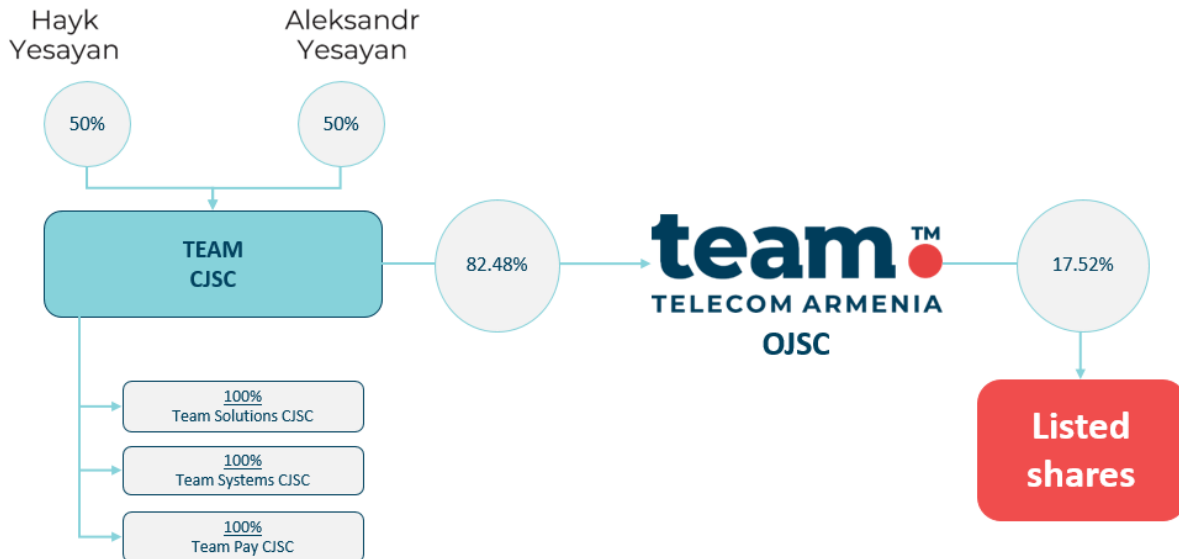
1.1.6 Issuer's Organizational Structure

The Issuer's organizational structure is presented in Appendix 2 (*Issuer's Organizational Structure*).

1.1.7 Structure of the Issuer's Group

The Company, along with its sole shareholder of Class "B" Common Shares, "Team" CJSC (also the "**Main Shareholder**" or the "**Parent**"), and entities under the control of the Main Shareholder, such as "Team Solutions" CJSC, "Team Pay" CJSC, and "Team Systems" CJSC, constitute a single group (the "**Group**"). The ultimate beneficiaries of the Group are Hayk Yesayan and Aleksandr Yesayan (the "**Ultimate Beneficiaries**"), each holding 50% of the shares of the Main Shareholder.

A schematic representation of the Group's structure is provided below.



The sole shareholder of Class “B” Common Shares has 10 votes per share (97.92% of total voting rights). The shareholders of Class “A” Common Shares have 1 vote per share (2.08% of total voting rights).

1.1.8 Asset Quality

As of June 30, 2024, the total assets of the Issuer amounted to AMD 85.2 billion. At the same time, the capital adequacy ratio (the ratio of total capital to total assets) stood at 49%.

1.2 Risks Related to the Issuer and the Bonds

1.2.1 Summary of Risks Related to the Issuer

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

- **Competitive Risk:** The Issuer operates in the telecommunications market, which is competitive, and from time to time, this competition may intensify, potentially negatively affecting the Company’s operational and/or financial performance.
- **Capital Expenditures and Working Capital Expenses:** The nature of the Company’s business is capital-intensive, and to maintain and/or improve its competitive position, the Company makes significant investments in both capital expenditures and working capital.
- **Economic Risks:** The success of the Company, its competitors, and the industry as a whole is closely tied to the overall economic developments in Armenia. Deterioration in the economic situation of Armenia may negatively impact customers’ purchasing power and consumption patterns.
- **Foreign Exchange Risk:** A significant portion of the Company’s capital investments, as well as certain services (such as roaming, international calls, international communication channels, and wholesale internet), are transacted in foreign currencies. Therefore, the Issuer is exposed to foreign exchange risk due to potential fluctuations in exchange rates.

- **Customer Churn Risk:** The mobile and fixed-line communication sectors are subject to customer churn, which is influenced by competition and other factors.
- **Judicial Proceedings:** The Company is involved in several judicial proceedings (described in Section 3.11.4 of this Program Prospectus). The Company's management believes that possible enforcement of any unfavorable judicial act in these proceedings may have a significant negative impact on the financial indicators and operations of the Issuer.

1.2.2 Summary of Risks Related to the Bonds

- **Interest Rate Risk:** Bond prices in the market are inversely related to interest rates, meaning that an increase in interest rates, all else being equal, leads to a decrease in Bond prices, and vice versa.
- **Market Risk:** The price and demand for the Issuer's Bonds in the secondary market may decrease due to current economic indicators and expectations of changes in domestic/international economies. Investors should be aware that security prices in the market may rise or fall over time.
- **Reinvestment Risk:** This risk arises from the possibility that investors may not be able to reinvest the periodic coupon income from the Issuer's Bonds at an equivalent yield (the yield to maturity established at the time of purchase).
- **Credit/Default Risk:** Investors purchasing the Issuer's Bonds assume the Issuer's credit risk, which is associated with the potential deterioration of the Issuer's financial condition in the future, leading to an inability to make coupon payments or repay the Bonds at their face value, and a potential bankruptcy.
- **Foreign Exchange Risk:** Investors who need to convert one currency to another in order to invest in the Bonds denominated in AMD or USD are exposed to foreign exchange risk.
- **Liquidity Risk:** The Issuer cannot guarantee that investors will be able to sell or buy Bonds at an economically favorable price in the secondary (regulated) market at any time during the Bond's lifetime.
- **Inflation or Purchasing Power Risk:** Given inflation in Armenia, when evaluating the nominal coupon yield offered by the Issuer's Bonds, investors should consider that the real yield may be lower than the nominal coupon yield (due to inflation).

1.3 Trends in the Development of the Issuer's Economic Activity and Changes in Financial Condition

As of December 31, 2023, the total number of the Company's mobile subscribers reached 1,044,939, reflecting a 9% increase compared to the same period of the previous year. As of June 30, 2024, the number of active mobile subscribers amounted to 1,051,679, which is an 8.9% increase compared to the same period of the previous year.

As of December 31, 2023, the number of the Fixed-Line Subscribers of the Company was 296,448, representing a 9% decrease compared to the previous year. This decline was mainly due to a reduction in the number of voice service subscribers. Notably, as of June 30, 2024, the number of FTTH subscribers reached 26,890, which represents a 34% increase compared to the end of 2023. As of June 30, 2024, the number of the Fixed-Line Subscribers decreased to 282,879, representing an 8.6% decrease compared to the same period of the previous year, again mainly due to a reduction in voice service subscribers.

The Issuer plans to expand the coverage of its mobile broadband (LTE) network and introduce a 5G network in Armenia, for which it received permission in March 2023 to use the 700 MHz radio frequency. Additionally, the Issuer is in an active phase of expanding its high-speed fiber-optic network, which does not require additional licenses or permissions.

The Board of Directors (the “**Board**”) of the Issuer believes that these development directions will contribute to further growth in the Company’s operations and have a positive impact on its financial performance.

For its regular operations, the Company has obtained the following key licenses/permissions:

Permission/License	Number	Issued by	Granted on	Valid until
License Right and obligation to operate a public electronic communication network	No. 60	PSRC	01.03.1995	03.03.2028
License for network operator activities	KH No. 311	Television and Radio Commission	29.04.2021	29.04.2031
Radio frequency band usage permits				
700 MHz band	713-723 MHz 768-778 MHz	1327	10.03.2023	14.03.2033
	723-733 MHz 778-788 MHz	1328	22.03.2023	24.03.2033
900 MHz band	890-902.5 MHz 935-947.5 MHz	0855	27.10.2010	03.03.2028
1800 MHz band	1735-1765 MHz 1830-18560 MHz	0124	20.04.2007	03.03.2028
		0931	27.04.2011	03.03.2028
		1277	23.04.2019	25.04.2029
		1281	19.06.2019	20.06.2029
		1333	12.04.2023	14.04.2033
Amended 31.08.2023				
2100 MHz band	1965-1980 MHz 2155-2170 MHz	0177	01.10.2007 (amended 16.03.2016)	03.03.2028

1.4 Information on the Identity of the Issuer’s Auditor and Consultants

The audit of the Issuer’s financial statements for 2020-2023 was conducted by “PricewaterhouseCoopers Armenia” LLC: www.pwc.com/am.

1.5 Members of the Issuer’s Management Body, Employees, and Major Shareholders

The Issuer’s governing bodies are the General Meeting of Shareholders (the “**General Meeting**”), the Board and the General Director.

The sole shareholder of the Issuer’s Class “B” Common Shares is “Team” CJSC. Class “A” Common Shares are listed on the Stock Exchange. Class “B” Common Shares constitute 82.48% of the total shares (with 97.92% of the total voting rights), while Class “A” Common Shares represent 17.52% (with 2.08% of the total voting rights).

The Issuer’s Board consists of 5 members:

Name	Position	Experience in the sector
Aleksandr Yesayan	Chairman of the Board	17 years
Hayk Yesayan	Board Member, CEO	24 years
Aram Barseghyan	Board Member, Deputy CEO	14 years
Albert Toneyan	Independent Board Member	28 years
Artavazd Minasyan	Independent Board Member	14 years

The structure of the Issuer's executive body:

Name	Position	Experience in the sector
Hayk Yesayan	General Director	24 years

As of June 30, 2024, the total number of the employees of the Issuer was 1,928, compared to 1,899 on December 31, 2023, and 1,911 on December 31, 2022.

1.6 Key Statistical Data on Offered Securities

The Bonds to be issued are nominal, book-entry, indivisible, and non-convertible.

Interest income on the Bonds will be paid in the form of coupons.

The total volume of the Bond issuance (offer) in USD terms amounts to a maximum of USD 75 million. The issuance currency is AMD and/or USD, as the case may be. The volume of the issuance of each Bond series will be determined based on the average exchange rate formed in the currency markets and published by the Central Bank of Armenia (the “CBA”) on the day preceding the Issuer’s resolution to approve the final terms for each Bond series issuance (the “**Bond Series Issuance Resolution**”).

The Bonds will be placed and redeemed in the currency in which they were issued.

Coupon payments on the Bonds will also be made in the currency in which the Bonds were issued.

The quantity of the Bonds to be placed (sold) for each Bond series will be determined based on the volume of the Bond issuance and the face value of the Bonds.

The face value of one Bond is AMD 100 thousand for Bonds issued in AMD, and USD 100 for Bonds issued in USD.

The maturity date of the Bond series, the annual coupon rate, and the frequency of coupon payments are to be determined in the Bond Series Issuance Resolution at least 5 Business Days before the start date of the Bond placement.

The Company intends to use the Bond proceeds to repay the Senior Term Loans and for capital expenditures as outlined in this Program Prospectus.

1.7 Comprehensive Description of Securities Offering

The start and end dates of the Bond series placement, the mechanics of the acquisition process, and the sales terms are subject to determination by the Issuer at least 5 Business Days before the start date of the Bond placement.

1.8 Method of Publishing the Final Terms

The final terms for the issuance, placement, circulation, and redemption of the Bond series are to be determined in the Bond Series Issuance Resolution at least 5 Business Days before the start date of the Bond placement.

The final terms for each Bond series issuance, prepared by the Issuer, shall be submitted to the CBA and published at least 2 Business Days before the start of the public offering.

The Issuer is obliged to publish the final terms of each issuance at least on its website.

1.9 Summary of financial data

1.9.1 Summary of financial results

Indicator Name	2024 H1 non audited	2023 audited	2022 audited	2021 audited
Revenue from the sale of products, goods, works, services	17,453,628	34,022,153	34,576,678	31,710,514
Cost of products, goods, works, services sold	(11,837,801)	(22,435,659)	(22,630,336)	(21,587,131)
Gross profit (loss)	5,615,827	11,586,494	11,946,343	10,123,383
Selling expenses	(1,693,961)	(3,323,955)	(3,287,590)	(3,059,925)
Administrative expenses	(2,542,580)	(4,600,032)	(4,232,133)	(3,486,129)
Profit (loss) from the sale of products, goods, works, services	1,379,286	3,662,507	4,426,619	3,577,329
Other operating income	(7,667)	1,541,825	2,002,531	1,656,575
Social allocations	(200)	(184,062)	(88,136)	(32,600)
Other operating expenses	(101,515)	257,434	(1,133,909)	(417,575)
Operating profit (loss)	1,269,904	5,277,704	5,207,106	4,783,729
Financial expenses/income	(592,005)	(7,646)	315,896	303,332
Net gain from fair value adjustment on investment property		152,207	5,427,831	
Other non-operating profit (loss)	41,754	(186,724)	(460,410)	(625,059)
Profit (loss) from ordinary activities	719,653	5,235,541	10,490,422	4,462,002
Profit (loss) from extraordinary events				

Net profit (loss) before income tax expense deduction	719,653	5,235,541	10,490,422	4,462,002
Income tax expense (compensation)		(708,822)	(1,813,122)	(993,105)
Net profit (loss) after income tax expense deduction	719,653	4,526,719	8,677,300	3,468,897

1.9.2 Summary of Balance Sheet

Indicator Name	2024 H1 non audited	2023 audited	2022 audited	2021 audited
Fixed Assets	20,717,671	19,295,254	17,290,135	14,679,757
Unfinished non-current tangible assets	4,920,465	5,654,560	4,288,605	3,463,948
Intangible assets	6,990,929	6,343,574	4,285,275	3,918,357
Advances for IRU contracts	665,870	352,888	211,590	303,932
Investment property	6,205,118	6,205,118	5,927,067	-
Other non-current financial assets	18,040,364	17,970,410	17,249,248	10,955,362
Other non-current assets	12,278,819	13,893,299	10,440,030	10,065,842
Total non-current assets	69,819,236	69,715,103	59,691,950	43,387,198
Inventories	746,234	882,002	608,905	431,493
Advances provided	3,113,146	2,200,860	1,963,633	1,128,971
Receivables from sales	8,357,404	6,804,449	6,240,018	4,581,520
Term deposits	1,397,727	1,371,537	823,885	-
Cash and cash equivalents	1,071,609	989,762	615,800	1,467,060
Other current assets	670,323	508,914	384,909	402,931
Assets held for sale	-	-	60,070	-
Total current assets	15,356,443	12,757,524	10,697,220	8,011,975
Total assets	85,175,679	82,472,627	70,389,170	51,399,173
Net amount of charter (share) capital	22,837,709	22,837,709	18,837,709	18,837,709
Share premium	4,240,000	4,240,000		
Retained earnings	11,490,395	10,770,742	9,672,304	2,195,699
Reserve capital	3,425,656	3,425,656	2,825,656	2,825,656
Total equity	41,993,760	41,274,107	31,335,669	23,859,064
Long-term bank loans and borrowings	15,541,000	17,177,719	17,465,550	8,036,392
Other non-current liabilities	6,250,813	6,100,629	4,600,304	4,569,456
Total non-current liabilities	21,791,813	23,278,348	22,065,854	12,605,848
Short-term bank loans and borrowings	2,387,607	1,819,436	868,767	628,504
Payables for purchases	9,646,997	8,402,202	8,523,257	6,779,993
Advances received	5,710,339	4,140,492	4,673,871	2,857,931
Other payables	1,328,610	1,084,329	981,842	697,133
Other current liabilities	2,316,553	2,473,713	1,939,910	3,970,700

Total current liabilities	21,390,106	17,920,172	16,987,647	14,934,261
Total liabilities	43,181,919	41,198,520	39,053,501	27,540,109
Total equity and liabilities	85,175,679	82,472,627	70,389,170	51,399,173

1.9.3 Summary of Cash Flows

Indicator Name	2024 H1 non audited	2023 audited	2022 audited	2021 audited
Balance at the beginning of the reporting period	989,762	615,800	1,467,060	215,526
Net cash flows from operating activities	5,396,871	8,103,064	8,181,569	9,852,035
Net cash flows from investing activities	-3,450,751	-7,968,139	-19,232,678	-11,890,933
Net cash flows from financing activities	-1,846,727	235,611	10,350,791	3,300,431
Impact of exchange rate differences on Cash and Cash Equivalents	-17,546	3,426	-150,942	-9,999
Balance at the end of the reporting period	1,071,609	989,762	615,800	1,467,060

1.9.4 Summary of Financial Ratios

Indicator Name	2024 H1 non audited	2023 audited	2022 audited	2021 audited
Earnings per share (EPS)*	6	22	46	18
Return on equity (ROE)*	3.9%	12.5%	31.4%	15.1%
Return on assets (ROA)*	1.9%	5.9%	14.2%	7.2%
Net profit margin (NPM)	4.1%	13.3%	25.1%	10.9%
Capital adequacy ratio	0.49	0.5	0.45	0.46
Financial dependence ratio	1.03	1	1.25	1.15
Absolute liquidity ratio	0.05	0.06	0.04	0.1
Current liquidity ratio	0.59	0.56	0.52	0.48
Total liquidity ratio	0.72	0.71	0.63	0.54
Accounts receivable turnover ratio*	4.8	5.2	6.4	9.3
Accounts receivable turnover period (in days)*	76.3	70	57.1	39.3
Inventory turnover ratio*	34.9	30.1	43.5	65.9
Inventory turnover period (in days)*	10.4	12.1	8.4	5.5
Accounts payable turnover ratio*	2.6	2.7	3	3.3
Accounts payable turnover period (in days)*	140.1	137.7	123.4	110.7

Formulas for calculating financial ratios are presented in Appendix 1 (*Formulas for Calculating Financial Ratios*).

NOTICE TO INVESTORS

The Summary should be viewed as a brief introductory description of this Program Prospectus.

An investor's decision regarding investment in the offered securities should be based on the complete Program Prospectus.

The persons responsible for the preparation of the Summary are subject to civil liability if the information contained in the Summary is incomplete or misleading (including with regard to translation) when read in conjunction with the other parts of this 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 the Issuer's Bonds. Bond prices on the secondary market are inversely dependent on interest rates, that is, an increase in interest rates, all else being equal, results in a drop in the Bond prices, and vice versa.

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

Reinvestment Risk: Investors purchasing the Issuer's Bonds with the intention of holding them to maturity should be aware of the reinvestment risk. This risk refers to the possibility that income from the Issuer's periodic coupon payments may not be reinvested at a yield equal to the Bond's original yield to maturity. In other words, if market interest rates decline during the Bond's term, investors may be unable to reinvest the coupon payments at the same expected yield, potentially lowering their overall returns.

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 condition, which may result in an inability to make coupon payments, redeem the Bonds at face value, or, in the worst case, lead to the Issuer's bankruptcy.

Foreign Exchange Risk: The issued Bonds are denominated in AMD and/or USD, as the case may be. Thus, investments shall be made and paid back (the amounts paid for the purchase and redemption of Bonds, respectively) in AMD and/or USD, respectively. In this regard, foreign exchange risk is relevant for those investors who will convert funds from one currency to another to invest in the Bonds.

Liquidity Risk: The Issuer will apply to the Stock Exchange to get the Bonds listed and/or admitted to trading and will engage (a) market maker(s) to ensure the liquidity of the Bonds 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 secondary market.

Inflation or Purchasing Power Risk: When assessing nominal coupon rate offered by the Issuer for its Bonds, investors should consider the possibility of inflation in Armenia, which may result in a lower real yield of the Bonds compared to the nominal coupon rate of the Bonds.

2.2 General Information

The Company will use the proceeds from the Bonds to repay the Senior Term Loans and/or to cover the capital expenses presented in the investment programs (Section 3.3.2 of this Program Prospectus).

2.3 Information about Offered Bonds Admitted to Trading on Regulated Market

2.3.1 Type and Class of Securities

The offered securities are nominal, coupon paying, indivisible and non-convertible Bonds. The Bonds to be issued do not have an International Securities Identification Number (ISIN) yet.

2.3.2 Country of Issuance

The Bonds are issued in Armenia in accordance with the Applicable Law.

2.3.3 Form of Securities

The Bonds are in book-entry form. The register of the Bondholders shall be maintained by “Central Depository of Armenia” OJSC (the “**Depository**”) (26/1 V. Sargsyan St., 5th floor, Yerevan, 0010, Armenia; phone: (+374) 60 615555), according to the rules and procedures of the Depository.

2.3.4 Face Value and Quantity of the Bonds

The face value of one Bond is AMD 100 thousand for AMD Bonds and USD 100 for USD Bonds. The quantity of the Bonds to be issued and placed (sold) for each Bond series will be determined based on the volume of the Bond issuance and face value of the Bonds for each Bond series.

2.3.5 Currency of the Issuance

Bonds shall be issued in AMD and/or USD, as the case may be.

2.3.6 Information about Classification of the Offered Bonds

According to the Civil Code of Armenia, in case of the Issuer’s liquidation, the claims of creditors shall be satisfied in the following order:

- 1) claims of secured creditors;
- 2) compensation for damages to life or health;
- 3) claims arising from employment agreements and payments under a licensing agreement;
- 4) outstanding compulsory payments to the state budget;
- 5) claims of unsecured creditors, except for unsecured subordinated creditors’ claims;
- 6) claims of unsecured subordinated creditors.

Claims of creditors of each ranking shall be satisfied after full satisfaction of the claims of the creditors of the previous ranking. Claims of the holders of the Bonds offered by the Issuer shall be satisfied in the fifth place.

According to the Bankruptcy Law of Armenia, in case of the Issuer’s liquidation due to the Issuer’s bankruptcy, the claims of creditors shall be satisfied in the following order:

- 1) claims of secured creditors;
- 2) remuneration of the administrator and administrative expenses;
- 3) compensation for damages to life or health;
- 4) claims arising from employment agreements and payments under a licensing agreement;

- 5) judicial expenses;
- 6) tax liabilities arising from the sale of the debtor's property upon bankruptcy;
- 7) unsecured claims arising from financial liabilities incurred by the debtor prior to approving the final list of creditors' claims as allowed by court;
- 8) unsecured claims arising from actions carried out under the Bankruptcy Law from the moment the debtor is declared bankrupt;
- 9) claims of unsecured creditors, including tax and/or payment liabilities, as well as any judicial expenses, except for unsecured subordinated creditors' claims;
- 10) claims of unsecured subordinated creditors (including unsecured claims of founders (participants, shareholders, members or partners) under loan agreements, holders of bonds with a maturity period of ten years and more, as well as holders of preferred securities, claims arising from subordinated loans);
- 11) other claims as per the Bankruptcy Law.

Claims of creditors of each ranking shall be satisfied after full satisfaction of the claims of the creditors of the previous ranking. Claims of the persons holding the Bonds offered by the Issuer shall be satisfied in the 9th place.

2.3.7 Bondholder Rights

The Bondholders have the following rights:

- 1) receive coupons and redemption value of the Bonds in accordance with this Program Prospectus. Investors are not required to perform additional actions for exercising the right to receive coupons and redemption value of the Bonds.
- 2) take actions permitted by law and contract to satisfy its claims arising from the title to the Bonds where the Issuer fails to make coupon payments and/or pay the redemption value of the Bonds when due;
- 3) pledge the Bonds in accordance with the Applicable Law;
- 4) sell the Bonds on (if listed) or off the Stock Exchange at its own discretion in accordance with the Securities Market Law of Armenia (the "**Securities Market Law**"). Investors should note that, under the Securities Market Law, corporate securities admitted to trading on a regulated market cannot be sold outside the regulated market (Stock Exchange);
- 5) exercise other rights stipulated under the Applicable Law.

The Bondholders shall transfer the purchase price of the Bonds to the respective bank account of the Lead Arranger, fulfill any and all monetary and non-monetary obligations arising from the purchase and sale of the Bonds, as well as perform other obligations stipulated by the Applicable Law within the period specified in the Bond issuance terms.

2.3.8 Nominal Coupon Rate and Payment

Nominal coupon rate shall be paid on the Bonds, the amount of which shall be determined by the Issuer at least 5 Business Days prior to the start date of the Bond placement.

The frequency of nominal coupon rate payments shall be determined by the Issuer at least 5 Business Days prior to the start date of the Bond placement.

The coupon rate shall be subject to a step-up as per the Sustainability Linked Bonds Framework, as outlined in Section 2.6.3 of this Program Prospectus.

The expected coupon income from the 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 Business Days prior to the start date of the Bond placement.

Coupons shall be paid to the Bondholders on coupon calculation dates. If a coupon calculation date is a not a Business Day, payment shall be made on the first Business Day following such coupon calculation date.

Only those Bondholders registered in the Bondholders' register 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 Bondholders 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.

Coupon payments and redemption value of the Bonds shall be transferred to an investor's bank account in accordance with a trilateral agreement on transfer of income accruing on the Bonds to be executed with the account operator and the Depository (the "**Trilateral Agreement**").

The Issuer will make the coupon payments via bank transfer in accordance with the Trilateral Agreement. In case of impossibility to transfer the funds to the Bondholders due to the absence of or impossibility to verify bank accounts registered in the Bondholders' register as of its closing date in the Unified System of Securities Registration and Settlement, the respective funds will be transferred back to the Issuer's account. Thereafter, the Issuer shall exercise its best efforts to identify the investor by any possible means of communication and to transfer the payable funds to such investor. Where impossible to identify the investor, the Issuer shall transfer the payable funds to the notary or court as a deposit (in cases provided for by law) in accordance with Applicable Law.

Based on the coupon payment, the Depository (based on the Trilateral Agreement) shall provide 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:

$$CA = (FV \times C) / k,$$

Where:

CA is the coupon amount

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 (if coupon payments are made on quarterly basis, k=4, and if 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 Business Days prior to the start date of the Bond placement.

The redemption value of each USD Bond is USD 100, and the redemption value of each AMD Bond is AMD 100 thousand.

The Bondholders' register shall be closed on the day preceding the maturity date. Only those Bondholders registered in the Bondholders' register by the time of closing the register shall be entitled to receive the redemption value of the Bonds.

The redemption value shall be paid to the Bondholders on the maturity date. If the maturity date is not a Business Day, the redemption value shall be paid on the Business Day following such maturity date.

The Issuer will pay the redemption value via bank transfer in accordance with a Trilateral Agreement. In case of impossibility to transfer the funds to the Bondholders due to the absence of or impossibility to verify bank accounts registered in the Bondholders' register as of its closing date in the Unified System of Securities Registration and Settlement, the respective funds will be transferred back to the Issuer's account. Thereafter, the Issuer shall exercise its best efforts to identify the investor by any possible means of communication and to transfer the payable funds to such investor. Where impossible to identify the investor, the Issuer shall transfer the payable funds to the notary or court as a deposit (in cases provided for by law) in accordance with Applicable Law.

Based on the payment of the redemption value, the Depository (based on the Trilateral Agreement) shall provide information about actual payment of the redemption value to the CBA by 2:00 p.m. of the redemption value payment day.

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

Considering the currency of the Bonds and the requirement to make bank-to-bank transfers for payment of the redemption value, the 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 intermediary banks (if any).

2.3.10 Early Redemption of Bonds

No call/put options or early redemption is envisaged, except for the following cases:

2.3.10.1 Material Change – Mandatory Repurchase

If in the course of placement, the Issuer submits a prospectus supplement that refers to a Material Change, each Bondholder shall have the right to request the Issuer in writing to repurchase the Bonds held by such Bondholder, in full or in part, at least at their purchase price within 30 Business Days after the publication of the changes to this Program Prospectus conditioned by such Material Change.

The Issuer shall transfer the repurchase price of the Bonds to each Bondholder requesting a repurchase of the Bonds within 10 Business Days from the date of the request for repurchase.

2.3.10.2 Change of Control – Mandatory Repurchase

If a Change of Control occurs prior to the full redemption of the Bonds, the Issuer shall publish information on its website on any such Change of Control within 3 Business Days of such Change of Control taking effect.

Each Bondholder shall have the right to request the Issuer in writing to repurchase the Bonds held by such Bondholder, in full or in part, at their principal amount together with accrued but unpaid interest within 30 Business Days after the information on a Change of Control is published on the Issuer's website.

The Issuer shall transfer the repurchase price of the Bonds to each Bondholder requesting a repurchase of the Bonds within 10 Business Days from the date of the request for repurchase.

2.3.10.3 Events of Default

The Events of Default and the associated early redemption provisions are outlined in Section 2.6.5 of this Program Prospectus.

2.3.10.4. Cancellation of the Offering and Placement

In case of cancellation of the placement by the Issuer or the Lead Arranger, the redemption provisions are outlined in Subsection 2.4.1.2 and Section 2.5.1 of this Program Prospectus.

2.3.11 Annual Yield

The annual yield of the Bonds (yield to maturity, YTM) during placement will be unchanged and equal to the annual coupon rate of the Bonds. The annual coupon rate shall be determined by the Issuer at least 5 Business Days prior to the start date of the Bond placement.

2.3.12 Information about New Bond Issuance

The resolution about Bonds issue/offering program was adopted by the Issuer's Board resolution No. 241017 as of October 17, 2024 (the “**Issuer's Resolution**”). The Issuer's Resolution defines the maximum volume within which the Issuer can make placement(s) of Bond series based on a Bond Series Issuance Resolutions. Final terms and conditions of each Bond series shall be determined by the Issuer at least 5 Business Days prior to the start date of the Bond placement.

2.3.13 Restrictions on Free Circulation of the Bonds

According to the Issuer's charter and the Issuer's Resolution, no restrictions shall be applied to the Bonds issuance/placement and investors other than the restriction on the volume of the Bonds purchased per transaction or per investor during placement, provided that such decision is made by the Issuer at least 5 Business Days prior to the start date of the Bond placement.

There are no restrictions on free circulation of the Bonds other than those prescribed by Applicable Law.

The Issuer shall apply to the Stock Exchange for listing the Bonds and their admission to trading.

Investors may sell the Bonds (if listed and admitted to trading) on the Stock Exchange, or on the OTC market in accordance with the Applicable Law. The investors should note, however, that the Securities Market Law does not allow the sale of corporate securities admitted to trading on a regulated market outside of the regulated market (securities exchange). The CBA may set exceptions from this requirement for the following cases:

- private transactions, *i.e.*, transactions, the parties to which are known in advance;
- transactions by the arrangers for the securities placement purposes;
- admission to trading and sale of securities admitted for trading in a regulated market, in another regulated market.

2.3.14 Taxation of the Income from the Bonds

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 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 Program Prospectus, the information contained in it will comply with the Armenian tax laws then in force or will be applied by the Armenian tax authorities. 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 Armenian tax laws and taxation schemes.

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

2.3.14.1 Taxation of Income from Bonds (Profit Tax)

Taxation of Resident Legal Entities

Capital gains will be included in ordinary income subject to Armenian profit tax at 18% (Tax Code, Art. 125(1)) after the permissible deductions.

Interest/coupons payable to a resident legal entity will be included in ordinary income subject to Armenian profit tax at 18% (Tax Code, Art. 125(1)) after the permissible deductions.

Taxation of Non-Resident Legal Entities

Non-resident legal entities are exempt from profit tax accruing on capital gains or interest/coupons on the Bonds as long as the Bonds are listed on the Stock Exchange before December 31, 2024 (Tax Code, Art. 126(5.1)(2)).

For the Bonds listed on the Stock Exchange after December 31, 2024, capital gains will be included in ordinary income subject to Armenian profit tax at 0% (Tax Code, Art. 125(4)(4)) after the permissible deductions, while interest/coupons payable to a non-resident legal entity will be included in ordinary income subject to Armenian profit tax at 10% (Tax Code, Art. 125(4)(2)) after the permissible deductions.

2.3.14.2 Taxation of Income from Bonds (Income Tax)

Taxation of Resident and Non-Resident Individuals

Capital gains or interest/coupons on the Bonds will not be included in ordinary income subject to Armenian income tax as long as the Bonds are listed on the Stock Exchange before December 31, 2024 (Tax Code, Art. 149(1)(4)).

For the Bonds listed on the Stock Exchange after December 31, 2024, capital gains will be included in ordinary income subject to Armenian income tax at 20% (Tax Code, Art. 150(1)) after the permissible deductions, while interest/coupons payable to a resident/non-resident individual will be included in ordinary income subject to Armenian income tax at 10% (Tax Code, Art. 150(5.1)) after the permissible deductions.

2.4 Terms and Conditions of the Offering

2.4.1 Terms and statistics of the offering

The Bonds will be placed through the OTC market, via direct sales. The start date of the Bond placement and duration shall be determined by the Issuer at least 5 Business Days prior to the start date of the Bond placement.

The following terms shall apply to the placement process:

*To purchase the Bonds, investors shall make payment by the end of the Bond purchase date, based on a purchase order (the “**Bond Purchase Order**”). Payment for the Bonds shall be considered duly made from the time the funds are credited to the respective bank account.*

Investors submitting a Bond Purchase Order must know that should their Bond Purchase Orders be rejected or satisfied partially, keeping of the funds paid for the Bonds on the respective bank account before returning such funds pursuant to the final terms of the Bond issuance shall not be considered illegal retention of funds or avoidance to return such funds, and no interest shall accrue on such funds.

All costs for the purchase of the Bonds via bank transfer (bank fees and commissions, if any) shall be borne by investors.

Where investors fail to make the relevant payment within the defined term upon submitting the Bond Purchase Order, such Bond Purchase Order will be deemed invalid.

The funds to be paid for purchasing such number of the Bonds as specified in a Bond Purchase Order shall be determined by the following formula:

$V = P * Q$, where

- V is the amount of the funds required for purchasing such number of the Bonds as specified in a Bond Purchase Order.
- P is the price per Bond as of the Bond purchase date specified in a Bond Purchase Order which is calculated pursuant to Subsection 2.4.3.1 of this Program Prospectus.
- Q is the number of the Bonds the investor wishes to purchase.

2.4.1.1 Total Value of the Offering

The total value of the issue (offering) in USD terms is up to USD 75 million.

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

In case of placement in parts, if a part of the issue is not placed in full, the volume of the unplaced Bonds is added to the volume of the Bonds of the given series subject to placement with the remaining re-openings.

The volume of the Bond issuance and placement for each Bond series is to be determined by the Issuer at least 5 Business Days prior to the start date of the Bond placement.

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 Business Days prior to the start date of the Bond placement.

In case the Bonds are placed in multiple series, all placements of the Bonds will begin on the same day and will end either on the date determined by the Issuer (which must be the same date for all Bond series) or on the day when the last Bond of the given series is placed.

The CBA may decide to suspend the placement of the Bonds pursuant to the Securities Market Law.

The Lead Arranger may suspend the placement on its own initiative for no more than 10 Business Days provided the CBA consent is in place.

If within 1 Business Day upon the end of the suspension period, the placement does not recommence, the Lead Arranger shall make a decision about cancellation of the placement and shall return the funds received during the period of placement to the investors who purchased the securities in line with the requirements of the Securities Market Law within 10 Business Days upon the end of the suspension period.

If the total value of the Bonds placed in all series by the end of the placement period is less than USD 57 million in USD terms (“**Placement Threshold**”), the Lead Arranger shall take a decision about cancellation of the placement and shall return the funds (principal amount together with accrued but unpaid interest) to the Bondholders within 3 Business Days after the decision about cancellation of the placement. The exchange rate to be used for converting the total value of AMD denominated Bonds (if any) into USD for

the purposes of the calculation of the Placement Threshold shall be the average exchange rate formed in the currency markets published by the CBA on the day of the calculation of the Placement Threshold.

Moreover, until the total value of the Bonds placed in all series reaches the Placement Threshold, the funds collected from the placements will be held in a settlement account opened with Ameriabank CJSC for the placement purposes (the “Issuance Account”) and will not be available to the Issuer.

2.4.1.3 Application process

Investors shall take the following steps to purchase the Bonds during the placement:

Investors shall fill in Bond Purchase Orders and submit them to the Lead Arranger in a due manner thereby accepting the terms and conditions of the issuance and agreeing to be bound by them.

To purchase the Bonds, individuals and legal entities shall fill in the required fields of the Bond Purchase Order, as applicable.

A Bond Purchase Order will be published on the official websites of the Lead Arranger and/or the Issuer. A Bond Purchase Order shall contain at least the following information:

- *the date of submission of the Bond Purchase Order;*
- *Bond purchase date (the date of making payment for purchasing the Bonds, which shall be the same date as the date of submitting the Bond Purchase Order);*
- *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 and custodian details;*
 - *securities account number and name of the custodian;*
- *information about the Bonds to be purchased:*
 - *Bond price;*
 - *quantity of Bonds;*
 - *total amount payable.*

*Investors must deposit the respective funds for purchase of the Bonds to the Issuance Account by the end of the Bond purchase date set out in the respective Bond Purchase Order. The Bond Purchase Order will be considered valid once it is duly delivered, and the respective payment is made (the “**Valid Bond Purchase Order**”).*

The Bond Purchase Orders of investors who fail to make the required payment within the defined term will be deemed invalid.

Funds received on the Issuance Account after the Bond Purchase Order submission day or after the expiry of the term set for the Bonds placement will be subject to return, and the respective Bond Purchase Orders will no longer be processed.

A Bond Purchase Order will be considered duly delivered to the Lead Arranger if submitted through any of the following channels:

Online

By submitting an electronic Bond Purchase Order via the Lead Arranger's MyAmeria application's MyInvest platform

In person

By visiting any of the Lead Arranger's branches³ and completing the relevant Bond Purchase Order with a client manager

By email to: CapitalMarkets@ameriabank.am

Via CBAnet: [CapitalMarkets Ameriabank/AMERIA/CBANet@CBANet](mailto:CapitalMarketsAmeriabank/AMERIA/CBANet@CBANet)

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

Valid Bond Purchase Orders are subject to approval or rejection within 1 Business Day following submission.

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

Individuals and legal entities wishing to purchase the Bonds may submit more than 1 Bond Purchase Order.

2.4.1.4 Possibility to Reduce Total Volume of the Offering

No possibility to reduce the total volume of the offering during placement is envisaged.

The placement of the Bonds will be carried out in the order of submission of Valid Bond Purchase Orders and the confirmation of the payment for the Bonds on the Issuance Account. Depending on the order of placement, certain Bond Purchase Orders may be satisfied partially.

Where several Valid Bond Purchase Orders are submitted simultaneously, and the total number of the Bonds indicated in such Valid Bond Purchase Orders exceeds the number of available Bonds to be placed, such Valid Bond Purchase Orders shall be satisfied in proportion to the number of the Bonds specified in each individual Bond Purchase Order.

In case of partial satisfaction, the Issuer shall transfer the excess funds payable to an investor to the respective investor's bank account within 3 Business Days after the placement date of the respective Bond series.

2.4.1.5 Order Recall Term

Bond Purchase Orders of the investors who fail to make the payment by the end of the Bond purchase date set out in the respective Bond Purchase Order shall be deemed invalid.

Bond Purchase Orders may not be recalled once they are properly delivered, received by the Lead Arranger (with receipt confirmation), and paid for.

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

2.4.1.6 Minimum and Maximum Amounts

During the period of placement limitations on the quantity (*i.e.*, number of the Bonds) and amount of the Bonds (*i.e.*, the product of the quantity and the face value) may be defined where such decision is made by the Issuer at least 5 Business Days prior to the start date of the Bond placement.

2.4.1.7 Payments for the Bonds

To purchase the Bonds, individuals and legal entities shall transfer the full price of the Bonds subject to purchase to the Issuance Account. The payment shall be considered duly made from the time the funds are credited to the Issuance Account.

Once a Valid Bond Purchase Order is satisfied, the Lead Arranger shall notify the respective investors of executing its Bond Purchase Order. The investors may then apply to their respective custodians or account operators to receive the ownership statements over the Bonds.

The Lead Arranger may refuse to credit to the Issuance Account the funds transferred for the purchase of the Bonds in the quantity specified in the Bond Purchase Order or refuse to send to the Depository respective instructions on transferring the Bonds from the securities issuance account (a securities account opened with the Depository for the placement purposes) to the securities account, if such funds do not meet the requirements of international and/or Armenian AML/CTF laws and regulations and/or the Lead Arranger's internal norms and regulations. In case the Lead Arranger rejects a Bond Purchase Order, it shall return the transferred funds to the respective investor. All financial costs related to the return of transferred funds upon rejection of a Bond Purchase Order shall be borne by the investor who submitted the Bond Purchase Order. The fee for transferring back/refunding the funds received through a bank transfer but not accepted by the Lead Arranger is published on the Lead Arranger's official website. Investors should be aware that in addition to the service fee charged by the Lead Arranger, additional service fees might be charged by intermediary banks and the beneficiary's bank when the transferred funds are reimbursed to the bank accounts of respective investors.

The title to the Bonds purchased by an investor originates from the moment of registration of such Bonds in the name of the investor at the Depository or other licensed custodians in accordance with Applicable Laws.

Bonds are transferred to the securities account of an investor on the date the respective Valid Bond Purchase Order is satisfied.

2.4.1.8 Publication of Offering Results

Offering results will be published within 3 Business Days following the end of placement on the official websites of the Lead Arranger and/or the Issuer.

2.4.1.9 Priority Rights

The Bonds shall be placed in the order of submission of the Bond Purchase Orders and the confirmation of the payment for such Bonds on the Issuance Account, *i.e.*, the investor whose Bond Purchase Order was received earlier (and the payment for the Bonds has been credited to the Issuance Account) is granted a priority.

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 Armenia and to all investor types, without any restrictions.

2.4.2.2 Notification about execution of orders

Investors shall be notified about execution of their Bond Purchase Orders by the Lead Arranger by the end of the Business Day following the day of submitting such Bond Purchase Order. Investors shall be notified about execution of their Bond Purchase Orders via the channels they have used to submit the Bond Purchase Order to the Lead Arranger. In case electronic Bond Purchase Orders were submitted via MyInvest platform of the Lead Arranger, the notification about execution of such Bond Purchase Orders is sent to the respective investor's email address recorded with the Lead Arranger.

2.4.2.3 Investments in the Bonds by the International Financial Institutions (IFIs)

Asian Development Bank (“ADB”), a regional development bank with its headquarters located in Manila, the Philippines, has an approval to act as a strategic/anchor investor and to invest in the Bonds. Other development financial institutions and multi-lateral development banks (together with ADB, the “IFIs”) are also considering investing in the Bonds in amounts that may be material to the offering of the Bonds. The investments in the Bonds by the IFIs will be subject to certain conditions, including (i) such other IFIs completing their respective internal approval process, and (ii) policy agreements to be entered into between the Issuer and each IFI pursuant to which the Issuer will undertake to comply with the respective IFI's policy requirements relating to matters including, but not limited to, environmental and social matters, sanctions, anti-money laundering, anti-corruption and fraud, and would agree to certain dispute resolution provisions with each of the IFIs.

Even if such policy agreements are entered into, none of the IFIs will have any obligation to acquire any Bonds.

The IFIs may sell the Bonds at any time following the consummation of the placement of the Bonds, and potential investors should not place any reliance on the IFIs' potential investment when making their investment decisions.

2.4.3 Offering Price

2.4.3.1 Price of securities

The full price of the 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 purchase 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 face value of each 100 Bonds

Y is the yield to maturity

Before the placement start date, the purchase price of the Bonds for the whole period of placement (per days) shall be published at least on the Lead Arranger's official website.

All the costs for purchase of the Bonds via bank transfer (bank fees and commissions, if any) shall be borne by investors.

Investors shall at their expense open with the Depository or other licensed custodians personal securities account for account-keeping of securities.

2.4.4 Placement

2.4.4.1 Underwriters

At the time of submission of this Program Prospectus to registration, the Issuer and the Lead Arranger have not made any arrangement on firm committed underwriting.

2.4.4.2 Arrangers

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

According to the executed Agreement on Provision of Bonds Placement Services, the Lead Arranger will place the Bonds on best efforts basis.

Investors should consider that:

- In case of best-efforts basis, it is probable that only part of the declared volume of the Bonds is placed by the end of the placement period, *i.e.*, partial placement may occur.
- Unless the total value of the Bonds placed in all series by the end of the placement period is less than the Placement Threshold (in which case the placement of the Bonds will be cancelled, and the funds will be returned to the Bondholders as per Subsection 2.4.1.2), the placement shall be deemed

completed regardless of the actual volume of the Bonds placed by the end of the placement period above the Placement Threshold.

2.4.4.3 Terms of Arrangement Services

According to the Agreement on Provision of Bonds Placement Services, the Issuer assumed the obligation to pay to the Lead Arranger:

- retainer fee in the amount of AMD 38 million;
- arrangement fee and underwriting fee, defined as a certain percentage of the overall face value of each placed Bond series and subject to determination based on the results of the placement of the Bonds.

2.4.4.4 Firm Underwriting Agreement

At the time of publication of this Program Prospectus, no firm underwriting agreement was executed.

2.4.4.5 Banks and Custodians Accepting Payments

Payments for the Bonds subject to purchase shall be made to the Issuance Account. Where an investor purchases the Bonds via its brokerage firm, the payment procedure details should be discussed with such brokerage firms. Registration of the rights and obligations related to the Bonds shall be made through the Depository which shall maintain the register of the Bondholders via an account operator acting within the Depository system.

The Bonds can also be recorded by a custodian licensed by the CBA (sub-custodian of the Depository) via opening and managing a securities account for the Bondholders with the given custodian.

Depository address: 26/1 V. Sargsyan St., 5th floor, Yerevan, Armenia (tel.: (+374) 60 615555).

Ameriabank CJSC is the account operator maintaining the Bonds register.

Before purchasing the Bonds, investors shall have a personal securities account with the Depository (including through other licensed custodians).

2.5 Admission to and Organization of Trading

2.5.1 Admission to Trading

After the placement of the Bonds, the Issuer shall apply within 5 Business Days to the Stock Exchange 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 the Bonds are not admitted to trading within 6 months following the submission of the listing application, the placement shall be deemed canceled. Within 10 Business Days upon the effective date of the Issuer's cancellation decision, the Issuer shall buy back the Bonds at their purchase price (including any accrued interest as of the date of cancellation).

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 Stock 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 Program 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 financial statements (2022-2023) specified in this Program Prospectus, which were audited by the Auditors, no other financial information contained in this Program Prospectus was audited by the Auditors. Copies of the statements and independent audit reports are presented in Appendix 5 (*Insurance Requirements*).

2.6.3 Sustainability Linked Bonds Framework Applicable to the Bonds

Throughout the journey towards sustainability, the Company has made substantial strides in integrating Environmental, Social, and Governance (ESG) considerations into the core of its operations.

The Company is committed to reducing its own energy consumption and carbon footprint (Scope 1 and Scope 2) and to also driving reduction of emissions along the entire value chain (Scope 3), upstream and downstream, accompanying its suppliers and customers to reduce theirs.

By becoming an Issuer of sustainability-linked Bonds (SLBs), the Company intends to:

- encourage the integration of ESG issues into its daily operations;
- raise public awareness on the benefits and importance of good ESG management and climate disclosure practices;
- strengthen its position in the market as the leading sustainability-oriented company in Armenia; and
- serve as an example and inspiration for other market players, by becoming the first SLB issuer in the Stock Exchange.

The framework presents the guiding principles of issuing SLBs. It has been established in accordance with the Sustainability-Linked Bond Principles (SLBP) 2023 of the International Capital Market Association (ICMA) and is aligned with the five components of the SLBP:

- (1) Selection of Key Performance Indicators (KPIs);
- (2) Calibration of Sustainability Performance Targets (SPTs);

- (3) Bond Characteristics;
- (4) Reporting;
- (5) Verification.

The Company has selected two KPIs and related ambitious SPTs, with both being core, relevant and material to its business operations. The Company commits to setting an intermediate target for emission reduction, reducing total Scope 1 and Scope 2 emissions by 20% by October 1, 2027, compared to the base year, 2023, and Scope 3 emissions by 20% by October 1, 2027.

The selected KPIs and SPTs are presented below:

KPI 1a: Absolute Scope 1 & 2 GHG emissions (measured in tCO ₂ e)		SPT 1a:	SPT 1a: intermediate	Baseline
KPI 1a definition	<p>Scope 1: Direct emissions measured in tCO₂e from sources owned or controlled by the Company.</p> <p>Scope 2: Indirect emissions measured in tCO₂e from the consumption of purchased electricity, heat, steam and cooling.</p>	Reduce absolute Scope 1&2 GHG emissions by 40% by November 1, 2029 compared to a 2023 baseline.	Reduce absolute Scope 1&2 GHG emissions by 20% by October 1, 2027 compared to a 2023 baseline.	19,559.1 tCO ₂ as of December 2023

KPI 1b: Absolute Scope 3 GHG emissions (measured in tCO ₂ e)		SPT 1b:	SPT 1b: intermediate	Baseline
KPI 1b definition	<p>Scope 3: All indirect emissions (not included in Scope 2) measured in tCO₂e, that occur in the value chain.</p>	Reduce Absolute Scope 3 GHG emissions by 40% by November 1, 2029 compared to a 2023 baseline.	Reduce Absolute Scope 3 GHG emissions by 20% by October 1, 2027 compared to a 2023 baseline.	15,880.1 tCO ₂ as of December 2023

The financial characteristics (particularly the coupon rate) of the Bonds may vary depending on whether the selected KPI reaches the predefined intermediate SPT by October 1, 2027 (the “Intermediate Target Observation Date”). The results of achievement or lack of achievement of the SPT will be available on or before the publication date of the Telecom Armenia 2027 Annual and Sustainability Reports, no later than 180 calendar days from the Intermediate Target Observation Date.

A coupon step-up of 0.25% per annum (to be applied to the remaining coupon payments after the results of non-achievement of the SPT are published) will be payable by the Company, if:

- the SPT has not been achieved by the Company by the Intermediate Target Observation Date;
- or

- the performance level against the SPT cannot be calculated or reported in a satisfactory manner supported by a verification assurance statement provided by a qualified external reviewer; or
- the Company does not publish the relevant verification assurance statement within the time limit as prescribed by the final terms for each of the Bond series.

The Company will seek an independent and external verification of its performance level against each SPT for each KPI by a qualified external reviewer with relevant expertise, annually until the Bond's maturity, and in any case for any date relevant for assessing the SPT performance leading to a potential adjustment of the financial and/or structural characteristics of the Bonds, until after the last SPT trigger event of the Bonds has been reached.

The verification of the performance against the SPTs will be made publicly available in a specific Section of the Company's annual sustainability reports.

In case of a recalculation of the KPIs, SPTs, or the baselines, any such readjustments will be accompanied by a verification assurance statement provided by a qualified external reviewer that will also be publicly disclosed in the Company's annual sustainability reports.

2.6.4 Undertakings and Covenants

2.6.4.1 Financial Calculations

All financial calculations to be made under, or for the purposes of, this Program Prospectus shall be made in accordance with the Accounting Standards and shall be based on the most recent quarterly financial statements which the Issuer is obliged to publish.

Where quarterly financial statements from the last quarter of a Financial Year are used for the purpose of making certain financial calculations, such calculations may instead be made from the audited financial statements for such Financial Year.

2.6.4.2 Affirmative Covenants.

Unless the Issuer has obtained the prior consent of the holders of at least 67% in aggregate principal amount of the outstanding Bonds, in line with the consent procedure set out in Subsection 2.6.4.6 of this Program Prospectus, the Issuer shall:

- (a) Corporate Existence; Conduct of Business. Maintain its corporate existence, comply with its Charter and conduct its business with due diligence and efficiency and in accordance with sound operational, financial and business practices.
- (b) Use of Proceeds. Apply or cause to be applied the proceeds of the Bonds exclusively for the purposes set forth in this Program Prospectus and in compliance with any Applicable Laws.
- (c) Compliance with Laws; Taxes.
 - (i) conduct its business in compliance with all Applicable Laws; and
 - (ii) file by the date due all returns, reports and filings in respect of taxes required to be filed by it and pay, when due, all taxes due and payable by it.
- (d) Accounting and Financial Management. Maintain an accounting and control system, management information system and books of account and other records, which together adequately give a fair

and true view of the financial condition of the Issuer and the results of its operations in conformity with the Accounting Standards.

- (e) Auditors. Appoint and maintain at all times the Auditors.
- (f) Authorisations.
- (i) obtain and maintain in force (and, where appropriate, renew in a timely manner) all authorisations and licenses which are necessary for the carrying out of the Issuer's business and operations generally and the compliance by the Issuer with all its obligations under this Program Prospectus, including all Material Licenses; and
- (ii) comply with all the conditions and restrictions contained in or imposed on the Issuer by such authorisations.
- (g) Financial Ratios. Comply with the following financial ratios:
- (i) the Issuer shall ensure that the Net Debt to EBITDA Ratio does not exceed the ratio indicated opposite the applicable Calculation Period in the table below:

Calculation Period expiring on	Net Debt to EBITDA Ratio
31 December 2024	3.50:1
31 December 2025	3.50:1
31 December 2026	3.25:1
31 December 2027	2.75:1
31 December 2028	2.25:1
31 December 2029	2.00:1

For the purposes of this Section:

“Calculation Period” means, for any calculation, a period of 4 (four) consecutive quarters ending on a Quarter Date, in respect of which financial statements should have been delivered pursuant to this Program Prospectus.

“EBITDA” means for any period for the Issuer, Net Income for such period (without giving effect to (x) any extraordinary gains, (y) any non-cash income, and (z) any gains or losses from sales of assets other than inventory sold in the ordinary course of business) adjusted by adding thereto (in each case to the extent deducted in determining Net Income for such period), without duplication, the amount of (i) total interest expense (inclusive of amortisation of deferred financing fees and other original issue discount and banking fees, charges and commissions (e.g., letter of credit fees and commitment fees)) for such period, (ii) tax expense based on income and foreign withholding taxes for the Issuer for such period, and (iii) all depreciation and amortisation expense of the Issuer for such period.

“Financial Indebtedness” means:

- (i) any indebtedness of the Issuer for borrowed money;

- (ii) the outstanding principal amount of any bonds, debentures, notes, loan stock, commercial paper, acceptance credits, bills or promissory notes drawn, accepted, endorsed or issued by the Issuer;
- (iii) any indebtedness of the Issuer for the deferred purchase price of assets or services (except trade accounts incurred and payable in the ordinary course of business to trade creditors within up to 180 calendar days of the date they are incurred, in an aggregate amount not exceeding USD 6.5 million, and which, in each case, are not overdue);
- (iv) without double counting any payment already counted in paragraph (iii) above, non-contingent obligations of the Issuer to reimburse any other person for amounts paid by that person under a letter of credit (including, without limitation, a bank guarantee) or similar instrument;
- (v) the amount of any obligation of the Issuer in respect of any Financial Lease;
- (vi) amounts raised by the Issuer under any other transaction having the financial effect of a borrowing and which would be classified as a borrowing under the Accounting Standards;
- (vii) the amount of the obligations of the Issuer under Derivative Transactions entered into in connection with the protection against or benefit from fluctuation in any rate or price (but only the net amount owed by the Issuer after marking the relevant Derivative Transactions to market);
- (viii) all indebtedness of the types described in the foregoing items secured by a lien on any property owned by the Issuer, whether or not such indebtedness has been assumed by the Issuer;
- (ix) all obligations of the Issuer to pay a specified purchase price for goods and services, whether or not delivered or accepted (*i.e.*, take or pay or similar obligations);
- (x) any repurchase obligation or liability of the Issuer with respect to accounts or notes receivable sold by the Issuer, any liability of the Issuer under any sale and leaseback transactions that do not create a liability on the balance sheet of the Issuer, any obligation under a “synthetic lease” or any obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of the Issuer;
- (xi) the amount of any obligation in respect of any guarantee or indemnity for any of the foregoing items incurred by any other person; and
- (xii) any premium payable by the Issuer on a mandatory redemption or replacement of any of the foregoing items.

“**Net Debt to EBITDA Ratio**” means the ratio for the Calculation Period of (i) Financial Indebtedness minus Cash and Cash Equivalents to (ii) EBITDA.

- (ii) For each given Calculation Period, commencing from the Calculation Period starting from 1 January 2025, the Interest Cover Ratio should not be less than 3.0:1.

In the context of this section:

“**Interest Cover Ratio**” means, for a given Calculation Period, the ratio of EBITDA to Net Financial Charges.

“**Financial Charges**” means, for any period, the total amounts of interest expenses, commission fees, collections, financial payments, discounts, premiums, that are subject to payment during the given Calculation Period.

“**Net Financial Charges**” means, for any period, the Financial Charges less the value of the interest paid or due to the Issuer in connection with cash deposits and equivalent short-term financial instruments.

“**Quarter Date**” means each of 31 March, 30 June, 30 September and 31 December in each year.

- (h) Pari Passu Ranking. Ensure that the Issuer’s payment obligations under the Bonds rank at least *pari passu* with the claims of all its unsubordinated unsecured creditors, except for the obligations mandatorily preferred by the Applicable Law, as applicable to the Issuer.
- (i) Intellectual property, accounting etc. At all times maintain all intellectual property, adequate accounting, management information and financial control systems.
- (j) Labour Matters.
 - (i) at all times comply with all requirements under any Applicable Law relating to employee benefit plans, redundancies and employee pensions; and
 - (ii) in the case of any planned collective redundancies, prepare and implement a redundancies plan, promptly (but no later than 60 calendar days before any decision is taken in respect of a planned collective dismissal) notify the Bondholders of any planned collective dismissals and provide with an applicable plan for managing the process.
- (k) Cybersecurity. Protect against data loss and security breaches by, among other things, regularly updating and improving the Issuer’s cybersecurity policies and risk management plans, providing regular cybersecurity training and awareness programmes to the Issuer’s employees, preparing regular cybersecurity and IT audit reports, and obtaining adequate global cybersecurity certifications.

2.6.4.3 Negative Covenants

Unless the Issuer has obtained the prior consent of the holders of at least 67% in aggregate principal amount of the outstanding Bonds, in line with the consent procedure set out in Subsection 2.6.4.6 of this Program Prospectus, the Issuer and shall ensure that its Subsidiaries will not:

- (a) Distributions.
 - (i) declare or pay any dividend or make any cash distribution on its stock, or purchase, redeem or otherwise acquire any stock or any option over such stock or make a payment under any shareholder loan (each a “**Restricted Payment**”) with the exception of:
 - A. dividend distributions to holders of Class “A” Common Shares until December 31, 2029, in line with the Charter and pursuant to the requirements of the Applicable Laws, provided that:

1. Net Debt to EBITDA Ratio during the Calculation Period does not exceed 2.5:1 after the payment of dividends;
 2. annual dividends do not exceed 20% of the net profit for the previous year and USD 6 million cumulatively;
 3. there is no Event of Default occurring and continuing, and
 4. the Minimum Cash Requirement is maintained after giving effect to the payment of dividends.
- B. dividend distributions to the Parent, in line with the Charter and pursuant to the requirements of the Applicable Laws, exclusively for the purpose of using the proceeds of such dividend distribution to repay any debt owed by the Parent to the Issuer exclusively through a non-cash set-off;
- (ii) create or otherwise permit to exist any restrictions on the ability of any Subsidiary of the Issuer to make Restricted Payments or other transfers to the Issuer.
- (b) Capital Expenditures. Incur expenditures or commitments for expenditures for fixed or other non-current assets, other than those (A) expressly contemplated in this Program Prospectus in Section 3.3.2 - Table 1. Capital Expenditure Forecast, or (B) additional amounts incurred by the Issuer, provided that, in each case, after giving pro forma effect to such expenditures or commitments, the Issuer is in compliance with its Minimum Cash Requirement, provided that if an Event of Default has occurred and is continuing, the Issuer shall not incur expenditures or commitments for expenditures for fixed or other non-current assets with the exception of expenditures or commitments for expenditures necessary for the maintenance of the Issuer's operating assets.
- (c) Permitted Financial Indebtedness. Incur, assume or permit to exist any Financial Indebtedness except for the Permitted Financial Indebtedness.
- (d) Leases. Enter into any agreement or arrangement to lease any property or equipment of any kind, except:
- (i) Financial Leases; and
 - (ii) any such agreement or arrangement which is not a Financial Lease where the aggregate lease payments across all such agreements and arrangements do not exceed the equivalent of USD 1 million in any Financial Year.
- (e) Derivative Transactions. Enter into any Derivative Transaction or assume the obligations of any party to any Derivative Transaction.
- (f) Guarantees and Other Obligations. Enter into any agreement or arrangement to guarantee or, in any way or under any condition, assume or become obliged for all or any part of any financial or other obligation of another person, except for any counter-indemnity obligations in respect of any bank guarantees for public and private procurement.
- (g) Security Interests. Create or permit to exist any Security Interest on any property, revenues or other assets, present or future except:
- (i) any Security Interest created to secure the performance of obligations under the Senior Term Loans, provided such Security Interest is released within 45 days of the issuance of the Bonds;

- (ii) liens arising as a result of deferred payments in connection with the purchase of equipment and inventory by the Issuer; and
- (iii) any Security Interest arising from any tax, assessment or other governmental charge or other Security Interest arising by operation of law, in each case if the obligation underlying any such Security Interest is not yet due or, if due, is being contested in good faith by appropriate proceedings so long as:
 - A. those proceedings do not interfere in any material respect with the carrying on of the business of the Issuer; and
 - B. the Issuer has set aside adequate reserves sufficient to promptly pay in full any amounts that the Issuer may be ordered to pay on final determination of any such proceedings.
- (h) Arm's Length Transactions. Enter into any transaction except in the ordinary course of business on the basis of arm's length arrangements (including, without limitation, transactions whereby the Issuer might pay more than the ordinary commercial price for any purchase or might receive less than the full ex-works commercial price (subject to normal trade discounts) for its products and/or services).
- (i) Arm's Length Transactions with the Parent. Enter into any transaction with the Parent except in the ordinary course of business on the basis of arm's length arrangements, or enter into any amendment to any existing transaction with the Parent and/or any new transaction with the Parent resulting in a cumulative cash outflow of USD 3 million or more or a yearly cash outflow of USD 1 million or more.
- (j) Purchasing or Sales Agency. Establish any sole and exclusive purchasing or sales agency for a material portion of its purchases or sales.
- (k) Profit Sharing Arrangements. Enter into any partnership, profit-sharing or royalty agreement or other similar arrangement whereby the Issuer's revenue or profits are, or might be, shared with any other person in the amount of more than USD 2 million in any one Financial Year other than:
 - (i) value-added services ("VAS") agreements with VAS providers;
 - (ii) agreements with right holders in the broadcasting segment (including video on demand); and
 - (iii) indirect sales agency agreements;provided that, in the case of the agreements, they are concluded in the ordinary course of trading on the basis of arm's length arrangements and their value does not exceed in aggregate USD 1 million in any Financial Year.
- (l) Management Contracts. Enter into any management contract or similar arrangement whereby its business or operations are managed by any other person.
- (m) Fundamental Changes.
 - (i) change its Charter in any manner which would be inconsistent with the provisions of this Program Prospectus;
 - (ii) change its Financial Year;
 - (iii) change the nature of its present business or operations; or

- (iv) make any other change which would be considered a Material Change.
- (n) Permitted Investments.
 - (i) make or permit to exist loans or advances to, or deposits with, any persons other than commercial bank deposits with reputable banks in the ordinary course of business;
 - (ii) acquire any other property (other than cash or purchases of inventory, materials and equipment in the ordinary course of business); or
 - (iii) make other investments in any person.
- (o) Asset Sale. Sell, transfer or otherwise dispose of any of its assets, whether in a single transaction or in a series of transactions, related or otherwise, with the exception of:
 - (i) disposals of obsolete or worn-out property, inventory or equipment in the ordinary course of business;
 - (ii) sale, transfer or otherwise disposal of [non-core buildings] individually below USD 2 million and in aggregate up to USD 10 million until 31 December 2029;
 - (iii) liquidating or otherwise disposing of Cash and Cash Equivalents in the ordinary course of business, in each case for cash at fair market value.

The Issuer shall ensure that all asset sale proceeds are received in cash and applied in payment of the accrued interest, Bond repurchase and redemption.
- (p) Merger, Consolidation, Etc. Undertake or permit any merger, winding up, dissolutions, or demergers, consolidation or reorganization.
- (q) Amendments, Waivers, Etc. Terminate, amend or grant any waiver with respect to any provision of any agreement evidencing any Financial Indebtedness.
- (r) Use of Proceeds. Use the proceeds of the Bonds in the territories of any country that is not a member of the World Bank or for reimbursements of expenditures in those territories or for goods produced in or services supplied from any such country.
- (s) Unlawful Payments. Enter into any transaction or engage in any activity in breach of anti-bribery and anti-corruption laws.
- (t) UN Security Council Resolutions. Enter into any transaction or engage in any activity prohibited by any resolution of the United Nations Security Council under Chapter VII of the United Nations Charter.
- (u) Sanctions. Enter into any transaction or engage in any activity in breach of any Sanction or that circumvents or evades any Sanctions, or use the proceeds of the Bonds to make payments, directly or indirectly, for the benefit of any person targeted by any Sanctions.
- (v) Legally Protected Areas. Use proceeds of the Bonds to finance works located within legally protected areas or internationally recognized important biodiversity areas (including Alliance for Zero Extinction sites, Key Biodiversity Areas (as defined by the International Union for the Conservation of Nature (IUCN)) or Important Bird Areas (as defined by BirdLife International)).

- (w) Forced Labour. Use proceeds of the Bonds to purchase equipment from suppliers that rely on forced labour to manufacture such equipment.

2.6.4.4 Reporting Requirements

Financial Statement. As long as the Bonds are not fully redeemed, the Issuer shall publish on its website the reports required under the Applicable Laws, including:

- (i) unaudited quarterly financial statements within 45 days after each reporting quarter,
- (ii) audited financial statements, together with an Auditor's report, for each fiscal year until April 30 of the year following the reporting year.

Changes to Business; Material Adverse Effect. As long as the Bonds are not fully redeemed, the Issuer shall promptly notify the Bondholders of any proposed change in the nature or scope of the business or operations of the Issuer and of any event or condition that has or may reasonably be expected to have a Material Adverse Effect.

Sustainability-Linked Bond Framework. The Issuer shall provide annual reports to the Bondholders on the progress of implementing the Sustainability-Linked Bond Framework containing assurances that the following elements are aligned with the commitments made in the Sustainability-Linked Bond Framework: (i) calculation and measurement of the KPI (ii) the reporting practice of the Issuer on the KPI; and (iii) the progress toward achieving the SPTs. The Company will seek an independent and external verification of its performance level against each SPT for each KPI by a qualified external reviewer with relevant expertise, annually until the Bonds' maturity, and in any case for any date relevant for assessing the SPT performance leading to a potential adjustment of the financial and/or structural characteristics of the Bonds, until after the last SPT trigger event of the Bonds has been reached.

Compliance Certificate. The Issuer shall provide a compliance certificate upon request (on a quarterly basis).

2.6.4.5 Insurances

Insurance Requirements and Issuer's Undertakings. Unless the Issuer has obtained the prior consent of the holders of at least 67% in aggregate principal amount of the outstanding Bonds, in line with the consent procedure set out in Subsection 2.6.4.6 of this Program Prospectus, the Issuer shall:

- (a) insure and keep insured, with financially sound and reputable insurers, its assets and business against insurable losses, including the Insurances specified in Appendix 4 (*Insurance Requirements*);
- (b) comply with all warranties and conditions under each insurance policy; and
- (c) not vary, rescind, terminate, cancel or cause a material change to any insurance policy required in Appendix 4 (*Insurance Requirements*) (to the extent such variation, termination, cancelation or change would result in a reduction in coverage).

2.6.4.6 Consents

The Bondholders' consent for the purposes of Section 2.6.4 of this Program Prospectus shall be deemed to have been duly obtained by the Issuer if within 30 calendar days after the date of publication of the Issuer's

request for consent on www.azdarar.am and the Issuer's official website, at least 67% of the holders of all outstanding Bonds provide written consent.

2.6.5 Events of Default and Their Consequences

2.6.5.1 Events of Default

Each of the following events shall be considered an Event of Default:

- (a) Non-payment. The Issuer fails to pay any amount of interest or principal on any of the Bonds when due and, only when the failure to pay is caused by an administrative or technical error, such failure to pay continues for a period of 3 (three) Business Days.
- (b) Breach of other obligations. The Issuer fails to perform or comply with any one or more of its other obligations under this Program Prospectus and/or in relation to the Bonds.
- (c) Cross-Default. Any Financial Indebtedness of the Issuer or the Parent or any of the Shareholders of Parent becomes due and payable prior to its stated maturity by reason of an event of default or the like, or any Financial Indebtedness of the Issuer or the Parent or any of the Shareholders of Parent is not paid when such Financial Indebtedness becomes due and payable, taking into account any originally applicable grace period, provided that the aggregate principal amount of any such Financial Indebtedness is at least of USD 1 million (or its equivalent in any other currency).
- (d) Insolvency. The Issuer generally suspends or announces an intention to suspend payment of, or is unable to, or admits an inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts, in each case, pursuant to or for the purposes of any Applicable Laws, or is adjudicated or found to be bankrupt or insolvent by a court of competent jurisdiction.
- (e) Judgments. A final and non-appealable judgment, order or arbitral award is made against the Issuer or the Parent, or any of the Shareholders of Parent in connection with: the Ucom Proceedings; or any other material litigation, administrative, governmental or regulatory proceeding or investigation, or other material claims, in each case for the payment of money in excess of the equivalent of USD 1 million.
- (f) Moratorium. (i) Proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganization or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, administrator or other similar official, or an administrator or liquidator is appointed in respect of the Issuer or the whole or any part of the business or operations of the Issuer, or (ii) the Issuer takes any action for a readjustment or deferment of any of its obligations, or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or declares a moratorium, in each case in respect of all of, or a material part of, its Financial Indebtedness.
- (g) Winding-up. An order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer, or the Issuer ceases or threatens to cease to carry on all or a substantial part of its business or operations.
- (h) Material Adverse Effect. Any event occurs which has or could reasonably be expected to have a Material Adverse Effect on the business of the Issuer

- (i) Failure to Comply with Judgments. The Issuer fails to comply with a final and non-appealable court judgment or arbitral award which will have an adverse effect on the Issuer and/or has an aggregate value of USD 1 million or more.
- (j) Expropriation, Nationalisation, etc.. Any authority condemns, nationalises, seizes, or otherwise expropriates all or any substantial part of the property or other assets of the Issuer or of its share capital, or assumes custody or control of that property or other assets or of the business or operations of the Issuer or of its share capital, or takes any action that would prevent the Issuer or its officers from carrying on all or a substantial part of its business or operations, in each case where the aggregate value of the relevant property or other assets affected is USD 1 million or more.

2.6.5.2 Consequences of the Events of Default

- (a) Where an Event of Default in connection with non-payment occurs under Subsection 2.6.5.1 (a), each Bondholder, by notice in writing to the Issuer, shall have the right to declare the Bonds held by such Bondholder, in full or in part, to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued but unpaid interest without further action or formality.
- (b) Where an Event of Default (other than an Event of Default in connection with non-payment under Subsection 2.6.5.1 (a) of this Program Prospectus) occurs, the Issuer shall publish information on its website on any such Event of Default within 3 Business Days of the occurrence of such an Event of Default, whereupon:
 - (i) within 20 Business Days after information on an Event of Default is published on the Issuer's website, holders of not less than 10% in aggregate principal amount of all outstanding Bonds (jointly or separately) may, by notice in writing to the Issuer, declare the Bonds held by such Bondholders, in full or in part, to be due and payable.
 - (ii) Upon the expiry of the 20-day period under Subsection 2.6.5.2 (b)(i) above, the Issuer shall publish information on its website within 1 Business Day on:
 - A) the elimination of the Event of Default if the Issuer has eliminated such Event of Default, in which case there will be no redemption of any Bonds, or
 - B) the percentage of the aggregate principal amount of all outstanding Bonds, holders of which (jointly or separately) have declared the Bonds held by such Bondholders to be due and payable under Subsection 2.6.5.2 (b)(i) above.
 - (iii) If the specified percentage per Subsection 2.6.5.2 (b)(ii)(B) is not less than 10%, the Bondholders that have not requested early redemption per Subsection 2.6.5.2 (b)(i) shall be given an opportunity to submit a request for early redemption of the Bonds to the Issuer within another 10 Business days after the information specified in Subsection 2.6.5.2 (b)(ii)(B) is published.
 - (iv) If the specified percentage per Subsection 2.6.5.2 (b)(ii)(B) is less than 10%, there will be no redemption of any Bonds.
 - (v) Upon the expiry of the 10-day period under Subsection 2.6.5.2 (iii) above, the Issuer shall publish information on its website within 1 Business Day on:

- A) the elimination of the Event of Default if the Issuer has eliminated such Event of Default, in which case there will be no redemption of any Bonds, or
 - B) the percentage of the aggregate principal amount of all outstanding Bonds declared to be due and payable, and the Issuer shall buy back/redeem such Bonds within 10 Business Days after the information specified in Subsection 2.6.5.2 (b)(v)(B) is published on the Issuer's website.
- (c) When any portion of the Bonds of particular series is subject to buyback and redemption, their total payable face value, the accrued but unpaid interest shall become due in each case without presenting them for payment, submitting a payment request, objection or additional notice.

PART 3. INFORMATION REGARDING THE ISSUER

3.1 Independent Auditors

The audit of the Issuer's financial statements for the years 2020-2023 was conducted by "PricewaterhouseCoopers Armenia" LLC.

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3.2 Risk Factors

Any investor should thoroughly study the specific risk factors related to the Issuer's activities before investing in the Bonds issued by the Company. Below are the risks that the Issuer considers material at the time of this Program Prospectus submission, though there may be additional risks unknown to the Issuer or considered immaterial at present. The list of risk factors below should be used as a guideline only.

3.2.1 Competitive Risk

The Issuer operates in a competitive telecommunications market, and from time to time, competition may intensify, which could impact the Company's operational and/or financial performance.

In recent years, the demand for converged package offers, which include two or more fixed and mobile communication services, has increased in the telecommunications sector. The combination of the Company's fixed and mobile infrastructures is considered one of the best, allowing the Company to offer attractive converged packages in the market. It is not excluded that competitors may also attempt to improve their converged package offerings at some point. As of the date of this Program Prospectus, the Issuer's only competitor in the converged services market is Ucom.

All players in the telecommunications market, including the Company, are also competing with global companies offering alternative voice services such as Skype, WhatsApp, Viber, Facebook Messenger, and other similar OTT services, as well as platforms offering television and entertainment content.

To reduce competitive risk, the Company is currently building a unique optical fiber network (FTTH) in the region, utilizing the 25G-PON technology, which provides a speed of 25 Gbps as part of the NGN.

The following actions by competitors may have an impact on the Issuer's operations:

- low (dumping) pricing as a result of price wars;
- faster expansion of networks by competitors.

The Company's position in the market also depends on its marketing initiatives, the packages and services offered, new proposals, and the strategy being implemented. The Company has a skilled and experienced commercial team that, by quickly responding to changes in the market and customer preferences and behaviors, ensures the Company's competitive advantage.

Failure to compete effectively or to anticipate and respond to customer preferences effectively and in a timely manner may negatively affect the Company's operations and financial performance.

3.2.2 Technological Developments

Rapid technological advancements can increase the Company's competitive advantage and may lead to the potential obsolescence of the technologies used by the Company and its existing competitors. To remain competitive, the Company may need to invest in upgrading its infrastructure or in acquiring licenses/permissions and developing and implementing new technologies. The cost of making these investments may be significant, and it may take time to monetize new technologies in the market.

3.2.3 Capital Expenditures and Working Capital Expenses

The nature of the Company's business is capital-intensive, and in order to maintain and/or improve its competitive position, the Company makes significant investments in both capital expenditures and working capital. Specifically, the expansion and operation of the Company's existing infrastructure (optical fiber and mobile networks) require substantial capital investments.

In recent years, the Company has made significant investments to attract and retain customers, including expenses related to the acquisition and installation of equipment, the introduction of new technologies (such as GPON), as well as the modernization of existing networks (such as the deployment of FTTB/FTTH networks). The main areas of the Company's capital investments include:

- expansion of the Company's fixed optical fiber network;
- expansion and development of the Company's mobile network;
- expenses related to customer premises equipment (CPE) and the acquisition of new customers;
- fees related to telecommunications licenses and permits;
- acquisition of broadcasting rights.

To finance its capital expenditures and working capital needs, the Company uses a combination of cash flow from operations, financial liabilities, and other financial instruments. The Company's liquidity and capital needs may increase if its areas of operation expand or if growth accelerates.

If, for any reason, the Company is unable to secure the necessary financing through operational or financial cash flows to meet these requirements, including network and service expansion, it may be forced to limit its expansion plans. This could have a material adverse effect on the Company's operations, reducing future growth and weakening its competitive position.

3.2.4 Economic Risks

The success of the Company, as well as its competitors and the overall sector, is closely tied to the general economic developments in Armenia. A deterioration of the economic situation in Armenia could negatively impact customers' purchasing power and consumption patterns. As a result, some subscribers may limit their use of certain Company services, potentially leading to a decrease in the current level of average revenue per user (ARPU).

An increase in operational costs, particularly salaries in Armenia, could lead to an increase in the Company's operating expenses.

Moreover, any uncertainty or instability related to the political situation in Armenia, including changes in political regimes, legal and regulatory standards, or governance practices, could negatively impact the business and operations.

Negative economic and political developments could jeopardize the Company's targets and adversely affect the Company's operations, operational results, and financial condition.

3.2.5 Foreign Exchange Risk

A significant portion of the Company's capital investments, as well as certain types of services (such as roaming, international calls, international communication channels) and wholesale internet sales, are conducted in foreign currencies. Therefore, the Issuer is exposed to foreign exchange risk due to potential fluctuations in exchange rates.

The management sets limits on the level of exposure to currency risks, both by currency and overall. Positions are monitored on a monthly basis.

As of December 31, 2023, 60% of the Company's capital expenditures were made in foreign currencies, primarily in USD.

3.2.6 Network Risks

The Company provides mobile communication services, fixed internet and telephony, as well as television services through its own transmission networks. Additionally, the Company's information technology system includes multiple interconnected systems that are regularly updated, modernized, improved, and integrated with new systems.

The Issuer's ability to deliver services depends on the continuous and uninterrupted operation of its networks and system updates. Short-term disruptions to normal operations cannot be entirely ruled out.

The disaster recovery, security, and service continuity measures that the Issuer has implemented or may implement in the future, including network monitoring, may at some point be insufficient to prevent losses.

Disruptions may negatively affect the Issuer's operations. Currently, managing network disruptions and minimizing them to the extent possible is one of the Company's key daily operational objectives. The uninterrupted operation of the network is ensured by the Company's top specialists in the field.

Under the Senior Term Loans (entered into with the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), and Ameriabank CJSC (the "**Lenders**"), under which the Company has been provided with loan facilities of USD 45 million in aggregate, the Issuer engaged an IT security company to conduct a comprehensive cybersecurity audit. This cybersecurity audit was carried out by "SIGNUM" consulting company, which involved specialists for penetration testing.

The critical, high, and medium vulnerabilities identified during the audit are being addressed according to the established plan. Failure to address the vulnerabilities in a timely manner or the inability to eliminate them may negatively affect the Issuer's operations.

It is important to note that by the date of the submission of this Program Prospectus for registration, the Company has already obtained ISO 27001 certification for information security management system.

3.2.7 Staff-Related Risks

The Company's efficient and continuous operation depends on the mutual cooperation of key management personnel and employees.

Competition for highly qualified management personnel in the telecommunications sector is quite high. The Company's future operational results are largely dependent on the expertise of its current management team and the Company's ability to attract highly qualified specialists to its management.

The Issuer continuously works on implementing systematic approaches to reduce the impact of individuals on the Company's operations and future development, ensuring that the termination of employment of any key member of the management team does not have a significant impact on the Company's uninterrupted operation and operational results.

It should be noted that the Company's strategic direction may change as a result of changes in the composition of the Board.

3.2.8 Broadcasting Rights

Negotiations with video content and TV channel producers/rights holders are ongoing. The Company constantly seeks to improve the quality and provide higher-rated TV channels and video content to its customers. There may be cases where a TV channel or content creator ceases operations in the region or entirely. In some instances, rights holders may seek to significantly increase the price of their services after the expiration of a contract, aiming for higher revenues. In such cases, the Company either finds an alternative provider, terminates the partnership, or is forced to agree to higher service prices (if the channel or content is highly rated). In such cases, operational costs for the Issuer may increase. To minimize these risks, the Issuer aims to sign long-term retransmission contracts (for 3 years), although certain contracts are sometimes signed for 1-2 years.

The success of the Company's operations, among other factors, depends on the quality and diversity of the TV programs provided to customers. However, not everything related to the quality and variety of TV programs is within the Company's control. For instance, there may be cases of quality decline (*e.g.*, signal reception issues during bad weather or software issues/failures on the part of the TV program provider). Various factors may affect the diversity of TV programs, such as the termination of the contract between the video content provider and a specific TV channel, which could impact the variety of TV channels available. The Company takes numerous technical and negotiation measures to protect itself and its customers from such issues and risks.

3.2.9 Customer Churn Risk

Customer churn is inherent in the mobile and fixed-line communication sectors, driven by, among other factors, high competition. An increase in churn cannot be ruled out at some point, triggered by specific factors.

The Company's overall mobile communication churn rate is in line with the rates of its competitors in the market.

Customer churn may increase due to the following factors:

- availability of services in the market with certain advantages offered by competitors;
- possible service disruptions in the Company's networks;
- customers deciding to discontinue using specific services without replacing them with equivalent services provided by the Company (or its competitors).

If the Issuer fails to maintain low churn rates and customer churn increases, it could result in decreased revenue and subscriber numbers, or higher costs to retain customers, significantly impacting the Company's operations and financial condition.

3.2.10 Insurance Risks

The Issuer's current insurance coverage primarily mitigates potential losses, liabilities, and damages related to its operations.

The Company's insurance policy adequately covers its main potential losses and liabilities. The Company has the following insurance coverages:

- property and all assets insurance;
- third-party liability insurance;
- business continuity insurance;
- cargo and domestic transportation insurance.

Currently, the majority of the Company's assets are insured. In the event of a significant incident affecting the Company's assets (including networks), there may be considerable property losses and substantial service disruptions, for which the Company, under its insurance agreements, will receive compensation. However, it should be noted that depending on the scale of the property damage, the Company may face difficulties in restoring the damaged property in a timely manner. Failing to restore significant property losses in time could negatively impact the Company's operations and financial condition.

According to the Senior Term Loans, if the Company is unable to use the insurance compensation received from incidents involving assets for the repair, restoration, or replacement of those assets, the funds must be directed toward repaying the Senior Term Loans.

3.2.11 Payment System Risk

High-quality billing and obligation control systems are extremely important for the Company's ability to increase revenue streams, avoid revenue loss, control expenses and potential debt issues, and provide accurate and timely billing to its customers. Any damage to the Issuer's systems or failure of the servers or backup servers used for billing and obligation control systems may disrupt the Issuer's operations and negatively impact its reputation, operations, operational results, and financial condition.

TLS 1.2 (Transport Layer Security) security protocol is in place for data transmission in the Issuer's payment systems, ensuring the security of payment data and eliminating the possibility of data leakage.

3.2.12 Supplier Risk

The Issuer's operations depend on the supply of equipment, software, products, and services provided by third parties. The Issuer is a large and highly reputable client in the telecommunications industry. It has established long-term successful business relationships with its key partner suppliers, and thus, the

Company considers the likelihood of these partner suppliers ceasing the delivery of goods and services, raising prices significantly, or not renewing existing contracts to be very low.

The Company maintains stable relationships with specific suppliers of equipment, software, and services (Nokia, Ericsson, Juniper, Infovista, Telesys, EXFO, HP, Delta Solutions) and continues to establish partnerships with new suppliers. These suppliers are industry leaders, and the risk of delayed deliveries, supplying substandard equipment, raising prices, limiting supply, or ceasing supply is considered very low.

However, the Company is exposed to the potential risk of financial instability of its suppliers. If suppliers cease to deliver certain products, are unable to provide equipment that meets the Company's specific needs or stop providing services due to liquidation or other reasons, and if the Company is unable to find suitable replacements in a timely manner, this could negatively affect the Company's operations, future prospects, operating results, and financial condition.

3.2.13 Licensing and Permits Risk

The Issuer's operations depend on licenses and permits provided by certain regulatory authorities/state bodies. Existing licenses and permits have an expiration date, and they can be extended based on the Issuer's application. The Company will take all necessary steps and processes to maintain and extend its licenses and permits.

The acquisition of some licenses and permits is a complex and lengthy process, which can expose the Company to ongoing compliance obligations. Additionally, if the Issuer fails to meet applicable legal requirements or any of the conditions of its licenses or permits, they may be suspended or revoked. The Company assesses the likelihood of suspension or revocation of its licenses or other necessary governmental authorizations as very low. However, if this risk materializes, it could have a significant negative impact on the Company's operations and operating results.

Historically, the Company has not experienced any suspension, revocation, or non-renewal of required licenses and/or permits.

The deployment of the Issuer's networks requires various approvals or permits from local governmental and/or regulatory bodies, such as permits for the installation of base stations for mobile telecommunications services. These approvals and permits may include construction and environmental permits, permissions for the placement of antennas and masts, and various other design permits. Obtaining these approvals and permits can be a complicated process and often involves various procedures and requirements from different regulatory bodies, frequently leading to prolonged documentation processes.

The Company plans to expand the coverage of its mobile broadband (LTE) internet and introduce 5G network in Armenia. In March 2023, it acquired the permission to use a radio frequency band in the 700 MHz range, and in April 2023, it obtained additional permission to use a radio frequency band in the 1800 MHz range.

Considering the Company's experience, the Issuer evaluates the risk level associated with obtaining, maintaining, and extending licenses/permits as low.

3.2.14 Data Leakage

The Company collects, stores, and uses data in its operations that may be protected by the "Personal Data Protection Law of Armenia (the **"Data Protection Law"**) and Electronic Communication Law of Armenia (the **"Electronic Communication Law"**). The Company takes technical and organizational measures to

protect customer data and other classified information from leakage and unauthorized access in accordance with applicable confidentiality requirements. Data transfer between systems is carried out exclusively through encrypted methods. The Company is implementing a Data Loss Prevention (DLP) system, which will further improve the level of protection against data leakage.

The Company works with third-party service providers, such as certain software companies, which may not fully comply with the relevant contractual terms and all their obligations regarding data protection. For this reason, third parties are granted access only to test systems for software maintenance purposes, which do not contain personal data or where the information has been anonymized.

Based on the Data Protection Law, the Company has developed a Personal Data Processing Notice/Personal Data Protection Policy.

3.2.15 Judicial Proceedings

The Company is involved in several legal proceedings (as outlined in Section 3.11.4 of this Program Prospectus), and unfavorable court rulings and their enforcement in these cases may have a significant negative impact on the financial indicators and operations of the Issuer.

There are court cases, in which the Main Shareholder and the Ultimate Beneficiaries of the Company act as respondents and/or third parties (in one of these cases, the Issuer is involved as a third party). In these cases, the plaintiff is Ucom, which has filed a lawsuit in the Yerevan First Instance Court of General Jurisdiction, seeking to invalidate the October 29, 2020 transaction regarding the acquisition of shares of “VEON Armenia” CJSC by the Main Shareholder and to apply the consequences of invalidation.

The Company considers the likelihood of the court satisfying Ucom’s aforementioned claim as extremely low.

3.2.16 Changes in Tax Legislation

Changes in the Tax Code, decisions, or interpretations by tax authorities can have a significant impact on the Issuer's operational results and cash flows.

3.2.17 Regional Military Conflicts

Current and potential future military conflicts in the region where the Issuer operates could have consequences that impact the Issuer’s activities.

Specifically, possible military clashes or wars between Armenia and neighboring countries may negatively affect economic activity and market conditions in Armenia.

3.2.18 Risks Related to Developing Countries

Armenia is an emerging market that may experience sudden or unforeseen economic or political changes, which could significantly affect the Company’s operations, operational results, and financial condition.

In recent years, Armenia has undergone significant political, economic, and social changes that have impacted its economy.

Political or governmental instability in the country, as well as the failure to implement reform-oriented policies, could negatively impact the Issuer and the value of investment instruments related to Armenia. The future economic orientation of the Armenian market largely depends on the effectiveness of economic, financial, and monetary measures taken by the government, as well as developments in tax, legal, and political arenas.

3.2.19 Country Rating Risk

A downgrade in Armenia's rating by international rating agencies could negatively impact the Issuer's operations, as it may limit access to additional financial resources and affect interest rates and other commercial terms of credit facilities. As a result, this could restrict the Company's ability to raise funds for capital expenditures and/or refinance debt.

3.2.20 Risks Related to the Senior Term Loans

The Issuer (as well as all other organizations within the Group) has certain obligations under the Senior Term Loans, such as affirmative covenants (obligations to take certain actions), negative covenants (obligations to refrain from certain actions), maintaining minimum and maximum levels for certain financial ratios, mandatory prepayment of the Senior Term Loans, as well as reporting obligations.

From time to time, the Company (as well as other organizations within the Group) may need to request approvals to deviate from such requirements temporarily, or waivers from restrictions, or seek modifications from the Lenders, including for the placement of the Bonds. The Issuer cannot guarantee that such modifications, approvals, or waivers will be granted by the Lenders.

If the Issuer (or any other organization in the Group) fails to comply with the restrictions and other requirements of the Senior Term Loans, an event of default may occur under the terms of the Senior Term Loans. In the case of default, the Lenders may demand early repayment of the Senior Term Loans.

It is important to note that the Senior Term Loans includes provisions related to cross-default. As a result, a default by any member of the Group and/or any of the ultimate beneficiaries could trigger a chain reaction of defaults, leading to a cascading demand for early repayment of the Senior Term Loans.

If any of these events occur, the Issuer cannot ensure that the Company's assets and cash flows will be sufficient to fully satisfy the early repayment demands.

The Issuer assesses the likelihood of these events occurring as very low.

The Issuer will use part of the funds raised from the Bonds to fully repay the Senior Term Loans. The Senior Term Loans will cease to be in effect upon full refinancing, and the Issuer will publish material information in this regard in accordance with the law.

3.2.20.1 Covenants

The covenants set forth in the Senior Term Loans impose certain restrictions on the members of the Group, including the Issuer, with the key restrictions outlined below:

Unless the Lenders otherwise agree in writing, the Issuer and other organizations within the Group shall not:

- declare or pay any dividend or make any cash distribution on its capital stock, or purchase, redeem or otherwise acquire any stock of any member of the Group or any option over them or make a payment, subject to certain exceptions;
- Incur expenditures or commitments for expenditures for fixed or other non-current assets, subject to certain exceptions;
- incur, assume, or permit to exist any Financial Indebtedness, subject to certain exceptions: it should be noted that as of the date of submitting this Program Prospectus to the CBA, the Issuer has not yet received official document(s) confirming the Lenders' approval ("**Lenders' Approval**") to implement the Bonds issuance program in the total volume of up to USD 75 million provided for in this Program Prospectus. No Bonds shall be issued or placed under this Program Prospectus unless the Issuer obtains the Lenders' Approval. After the registration of this Program Prospectus, the Issuer will file an appropriate supplement to this Program Prospectus upon receipt of the Lenders' Approval;
- create or permit to exist any Security Interest on any property, revenues or other assets, present or future, of the any member of the Group, subject to certain exceptions;
- sell, transfer, lease or otherwise dispose of all or a substantial part of its assets, whether in a single transaction or in a series of transactions, subject to certain exceptions;
- undertake or permit any merger, winding up, dissolutions, or demergers, consolidation or reorganisation except for reorganising the Borrower into an open joint stock company for the purposes of completing a Permitted IPO;
- change its capital, other than in relation to increases in the share capital of the Borrower by the amount not exceeding 20%;
- change the nature of its present business or operations;
- terminate, amend, or grant any waiver with respect to any provision of the Senior Term Loans or related agreements.

Additionally, unless the Lenders otherwise agree in writing, the Issuer shall:

- make any change to the Executive Management Team;
- maintain corporate existence, comply with their respective charters, and conduct business with due diligence and efficiency;
- use the Senior Term Loans for their designated purposes and in accordance with laws and regulations, as well as with the environmental and social requirements specified in the agreement,
- maintain an accounting and control systems, management information systems, and books of account and other records;
- appoint and maintain a firm of internationally recognized independent public accountants;
- ensure that the business of the Group complies with all environmental and social requirements specified in the Senior Term Loans and implement a plan for assessing and mitigating environmental and social risks and impacts;
- the Parent comply with the net debt/EBITDA ratio and debt service coverage ratio limits presented below:
 - the debt service coverage ratio must be at least 1.25:1, starting from the reporting period ending on June 30, 2023,
 - the net debt/EBITDA ratio must not exceed the limits specified in the table below during the reporting period.

Calculation Period Ending	Net Debt/EBITDA Ratio
June 30, 2022	3.0:1
December 31, 2022	3.0:1
June 30, 2023	2.5:1
December 31, 2023	2.5:1
June 30, 2024	2.0:1
December 31, 2024	2.0:1
June 30, 2025, and each subsequent quarterly date that aligns with June 30 and December 31, through December 31, 2027	1.5:1
June 30, 2028, and each subsequent quarterly date that aligns with June 30 and December 31, through December 31, 2029	1.0:1

Additionally, the Senior Term Loans require the Company and all members of the Group to protect against data loss and security breaches by, among other things, regularly updating and improving the Group's cybersecurity policies and risk management plans, in line with the cybersecurity action plan.

Violations by any member of the Group may also result in the Company's default, including:

- failure to pay any part of the principal or interest when due;
- nationalization, condemnation, seizure or other form of expropriation of all or any substantial part of the property or other assets, or equity of Group members and the Ultimate Beneficiaries by any authority;
- voluntary or involuntary bankruptcy or dissolution proceedings involving a member of the Group or any Ultimate Beneficiary;
- a change in control, whereby "Team" CJSC ceases to own 100% of both economic and voting interests in any of the other Group members' share capital;
- any event that has or could reasonably have a material adverse effect on the assets or properties, prospects, financial, environmental and social condition, business or operations of any member of the Group or the Ultimate Beneficiaries.

These terms ensure the Group's compliance with financial discipline and security measures, as stipulated in the Senior Term Loans.

3.2.20.2 Mandatory Prepayment

The Senior Term Loans are subject to mandatory prepayment if there is a change of control. Change of control will be deemed to have occurred if any of the following events/situations take place:

- the Ultimate Beneficiaries at any time and for any reason cease to own at least 50% each of both the economic and voting interests in the Main Shareholder's share capital;

- any person other than the Ultimate Beneficiaries obtains the power (whether or not exercised) to elect the majority of the board of directors or the collegial executive body and/or appoint the sole executive body of the Company or the Main Shareholder;
- the majority of directors who constitute the board of directors or the collegial executive body of the Company or the Main Shareholder at any one time is replaced;
- a change of control or similar event occurs under any other loan or preferred stock documentation relating to the Company or the Main Shareholder.

3.2.21 Sanction Risks

The possible imposition of new or expanded Sanctions or restrictions could adversely affect the Issuer's business, financial condition, and results of operations.

3.3 Information About the Issuer

3.3.1 History and Development of the Issuer

Telecom Armenia is the successor to over a 100-year history of Armenia's first telecommunications system. Since the proclamation of Armenia as an independent republic, the Company began operations in 1995 under the name "Armenia Telephone Company."

The Company provides 2G (GSM), 3G (UMTS), and 4G (LTE) mobile communication services, fixed-line telephony, digital television IPTV and OTT services, as well as fixed internet access using FTTH, FTTB, VDSL, and ADSL technologies in Armenia.

In 1995, the Company's predecessor, ArmenTel, received License No. 60 from the PSRC to operate a public electronic communications network.

In 1996, the Company was the first in Armenia to launch 2G (GSM) mobile network.

In 1998, OTE (Hellenic Telecommunications) acquired the shares of ArmenTel from an American company, and in 2006-2007, the shares were sold to the VimpelCom Ltd (now VEON Ltd) group.

Starting in 2007, the Company began providing fixed broadband internet services based on ADSL technology.

Since 2007, License No. 60 has been extended several times and is now valid until March 3, 2028. The Company received the permissions to use radio frequencies for 3G (UMTS) mobile network and launched the first 3G network in Armenia in 2008.

In 2008, the Company initiated the intensive launch of new 3G base stations. As of July 31, 2024, the Company has 1,036 base stations (886 of which are macro stations), covering 98.2% of Armenia's population.

In 2012, the Company launched broadband internet services in the fixed-line market through its FTTB network.

In 2015, the Company became the first in the market to offer converged (combined) fixed and mobile communication services under a single billing account.

In 2016, the Company launched 4G (LTE) mobile network, which currently covers 74.1% of the Armenia's population.

In 2016, the Company provided wireless access to fixed telephony and internet services (using CDMA technology) in 99% of Armenia's rural areas.

In 2017, the Company was rebranded as “VEON Armenia” CJSC.

In 2018, the Company launched VDSL broadband internet and IPTV services in the fixed-line market.

In 2019, the Company introduced its BeeTV television app and expanded its offering of converged (combined) fixed and mobile communication service packages.

In October 2020, “Team” LLC acquired 100% of the Company’s shares. In November of the same year, the Company was renamed “Telecom Armenia” CJSC.

Since 2021, the Company has initiated the construction of a unique 25 Gbps NGN FTTH network using 25XGS-PON technology in the fixed-line market. In the same year, through the DWDM optical fiber network, the Company began providing data transit services from Asia to Europe for regional telecommunications operators.

In April 2021, the Company received a network operator license from the Television and Radio Commission, valid until April 29, 2031. In December of the same year, the Company received permission from the Television and Radio Commission to broadcast non-linear audiovisual information, which is valid indefinitely.

From 2008 to 2022, the Company operated under the “Beeline” brand.

In May 2022, the Company rebranded to the “Team Telecom Armenia” brand.

In May 2022, the Company entered into the Senior Term Loans with the Lenders.

In 2023, the Company became the first in the telecommunications sector to issue shares through an initial public offering (IPO), placing 40 million shares on the Stock Exchange with a total value of AMD 8.24 billion.

In 2023, the Company also launched the innovative Team Energy Project, where telecommunications, energy, and ecology intersect. This project promotes and facilitates the use of electric vehicles in Armenia, significantly reducing air pollution and transportation costs. The network of electric vehicle charging stations within the Team Energy Project is now available throughout Armenia. Through the mobile app, users can locate nearby charging points, charge their vehicles, and pay via bank card, or if they are a Telecom Armenia subscriber, directly from their Team phone balance.

3.3.1.1 Issuer’s Strategy

The foundation of the Company’s strategy is its mission: to make communication and work more accessible and convenient by integrating the latest digital technologies. The Company aims to become a leader in the industry by combining the creativity of its team with the limitless potential of technology. The key components of the Company’s strategy are outlined below:

- **Develop the Team Ecosystem:** The Company is creating a robust and flexible network, server, and software infrastructure that will ensure the rapid deployment and high-quality provision of both current and future services. The continuous modernization of its communication networks and IT systems used in daily operations is a top priority. The construction of a unique 25 Gbps NGN in the region is a key driver of the Company’s strategy. The Company will continue to expand and upgrade its fixed and mobile networks across Armenia, improving the quality of services provided to both individual subscribers and business customers while promoting the growth of the digital economy and entrepreneurship in Armenia. Additionally, by establishing more flexible and high-

speed international communication infrastructure, Telecom Armenia will strengthen its position in providing data transit services to local and regional telecommunications operators.

- **Ensure Continuous Modernization of Communication Networks:** The Company continuously upgrades its fixed and mobile networks across Armenia, creating a powerful and flexible network, server, and software infrastructure that will ensure the rapid deployment and high-quality provision of both current and future services. As the successor of Armenia's national public switched telephone network (PSTN), the Company owns an extensive network of underground ducts and overhead poles, which provides the foundation for implementing FTTH services based on 25G-PON technology. This will significantly improve the customer experience while laying the groundwork for launching innovative services with advanced solutions. As of June 30, 2024, the Company's 4G mobile network covers 15.35% of Armenia's territory, 21.97% of settlements, and 74.06% of Armenia's population. To expand 4G coverage, the Company continuously upgrades its Radio Access Network (RAN) and builds new base stations. Following the acquisition of a total of 40 MHz of frequency bands through tenders for 700 MHz radio frequencies in 2023, the Company will further increase the availability of its 4G network, improve indoor network penetration in buildings, and introduce 5G network in Armenia's three largest cities.
- **Establish a More Flexible and High-Quality International Communication Infrastructure:** With the global rise in demand for data transmission services, Armenia's role as a transit hub for data between Asia and Europe becomes increasingly important. This creates opportunities for the Company to provide data transit services to regional telecommunications operators. The Company already operates a functioning DWDM (Dense Wavelength Division Multiplexing) optical fiber network, connecting Armenia to Georgia and Europe. Upgrades to the DWDM network will further enhance its data transit capacity.
- **Expand Team Services:** The Company continuously improves its digital platform services and aims to create an interconnected ecosystem of services that will provide the best experience for its customers. The Company plans to diversify its revenue by introducing innovative services with modern solutions. Pursuing this goal, in 2023, the Company became the first in.
- **Increase the Subscriber Base and Improve Service Quality:** As the quality and availability of fixed and mobile communication services grow, the Company plans to increase its subscriber base by offering attractive convergent service packages, combining mobile services with fixed broadband internet, IPTV digital television, and fixed voice services. The Company emphasizes delivering the best customer experience at all touchpoints, including users of the Team apps and services, the growth of which is also a key priority in the coming years. To make customers' lives easier and more convenient, the Company continuously introduces new self-service systems while maintaining fast and high-quality customer support. Additionally, the Company monitors the Net Promoter Score (NPS) to evaluate the effectiveness of actions aimed at improving customer satisfaction.
- **Implement International Management Standards:** To maintain industry-leading standards, high levels of professionalism, and continuous improvement, the Company has adopted international management standards, complying with quality, information security, and environmental protection requirements. In 2023, Telecom Armenia strengthened its success by obtaining ISO/IEC 27001:2013 certification for information security. The certification was granted following a comprehensive audit conducted by "CERT International" s.r.o., which assessed the Company's headquarters, branches across Armenia, and various aspects, including physical and information security processes, training, procurement, and network security management. The Company is also committed to implementing ISO 9001:2015 for quality management and ISO 14001 for environmental management systems in the near future. These efforts aim to optimize resource usage, adopt environmentally friendly practices, and create a safe working environment, underscoring the Company's commitment to sustainable business growth.

- **Ensure Sustainable Development and Adhere to High Environmental and Social Standards:** Telecom Armenia is committed to continuously improving its performance by reducing any negative environmental and social impacts resulting from its operations. The Company acknowledges its role as a leader in the telecommunications sector and the environmental and social responsibilities that come with it, aiming to reduce its carbon footprint and grow sustainably.

Recognizing the impact that any economic activity can have on the environment, the Company develops and implements measures to mitigate its environmental impact, including but not limited to:

- reducing energy consumption and implementing energy-efficient technologies;
- introducing a circular system for resource management across all areas of operation, including waste management;
- preventing pollution and managing environmental risks;
- collaborating with partners who adhere to high environmental and social standards;
- acquiring products and materials from environmentally sustainable and reliable sources;
- preventing emergencies and man-made accidents by implementing processes that protect the Company's employees, customers, and the environment;
- continuously training staff on the Environmental and Social Management System (ESMS) and its integration into the Company's overall management system;
- ensuring the safety and health of the Company's entire staff, communities, and the public throughout their work and interaction with the Company;
- preventing all forms of discrimination, forced or child labor, promoting gender equality, and prohibiting all forms of corruption.

The Company will continuously monitor the fulfillment of these commitments and improve its systems to ensure the localization of high environmental and social standards.

In 2023, the Company consistently implemented the key programs embedded in its strategy:



- Due to the unique NGN in the region, today 300,000 households in major towns such as Agarak, Alaverdi, Artik, Armavir, Artashat, Berd, Byureghavan, Gavar, Yeghvard, Ijevan, Hrazdan, Chambarak, Metsamor, Jermuk, Sevan, Spitak, Vardenis, Kapan, Kajaran, Sisian, Nor Hachn, Goris, and Meghri, as well as several villages, have access to high-speed internet with a capacity of 25 Gbps. In Yerevan, NGN is available in Davtashen, Arabkir, Avan, Zeytun districts, and 1st and 2nd blocks of Nor Nork.
- Following the 2023 tenders for the acquisition of 700 MHz radio frequency bands, our Company received permission to use a total of 40 MHz frequency bands. This will enable us to further expand 4G network coverage and introduce 5G technology in the mobile networks of three major cities in Armenia. As part of the modernization of the radio access network, the Company upgraded 34 mobile stations in 2023.
- By creating a more flexible and high-speed international communication infrastructure, we continue to strengthen our position in providing data transit services to local and regional telecommunications operators. In 2023, Telecom Armenia added new representative points in two major data centers in Frankfurt and Amsterdam.
- As a forward-thinking technological company, we have made significant strides in diversifying our service portfolio by introducing the Team Energy Project, aimed at increasing the number of environmentally friendly vehicles in Armenia.

- Committed to upholding the best industry standards and implementing international management standards, in 2023, we obtained ISO/IEC 27001:2013 certification for information security management.
- The Company actively supported various educational, scientific, and cultural initiatives, as well as some of the largest technological events in the region. Environmental, social, and governance principles are firmly rooted in the Company’s strategy and operational practices.

Issuer’s Name and Legal Form

	Company’s Full Name	Short Name
<i>Armenian</i>	«Տելեկոմ Արմենիա» բաց բաժնետիրական ընկերություն	«Տելեկոմ Արմենիա» ԲԲԸ
<i>Russian</i>	Открытое акционерное общество “Телеком Армения“	ОАО “Телеком Армения“
<i>English</i>	“Telecom Armenia” Open Joint Stock Company	“Telecom Armenia” OJSC

The registered trademarks are.

	Brand	Name	Registration number	Registration date
1.		Team Telecom Armenia ⁴	34149 36250	31.01.2022 12.12.2022
2.	BeeTel	BEETEL	12565	28.02.2008
3.	ԲիՏել	БИТЕЛ	12566	28.02.2008
4.	ԲիՏել	ԲԻՏԵԼ	12567	28.02.2008
5.	ArmNet	ARMNET	12965	23.06.2008
6.	Hi-Line	HI-LINE	13180	21.08.2008
7.	Просто. Удобно. Для тебя!	ПРОСТО. УДОБНО. ДЛЯ ТЕБЯ!	21661	10.07.2014
8.	Easy. Convenient. For you!	EASY. CONVENIENT. FOR YOU!	21662	10.07.2014
9.	Պարզ, հարմար, քեզ համար	ՊԱՐԶ, ՀԱՐՄԱՐ, ՔԵԶ ՀԱՄԱՐ	26349	30.08.2017
10.	Просто. Удобно. Для семьи!	ПРОСТО.УДОБНО.ДЛЯ СЕМЬИ!	26348	30.08.2017
11.	Պարզ, հարմար, ընտանիքի համար	ՊԱՐԶ, ՀԱՐՄԱՐ, ԸՆՏԱՆԻՔԻ ՀԱՄԱՐ	26349	30.08.2017
12.	Easy. Convenient. For family!	EASY. CONVENIENT. FOR FAMILY!	26350	30.08.2017
13.	Combo Комбо Շոմբո	ՇՈՄԲՈ ԿՈՄԲՈ COMBO	28935	29.05.2019
14.	Pro Special	PRO SPECIAL	30860	23.05.2020
15.	BeeMoney	BEEMONEY	26336	30.08.2017
16.		B	26243	10.08.2017
17.	BeeTV	BEETV	26337	30.08.2017

⁴ The trademark is owned by "Team" CJSC. The Issuer uses the trademark based on a contract signed with "Team" CJSC.

18.		Q	26248	10.08.2017
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3.3.1.2 Issuer's State Registration and Place of Business

- **Country of Incorporation:** Armenia
- **Location:** 24/1 Azatutyun Ave., Kanaker-Zeytun, 0014, Yerevan, Armenia
- **State Registration Number:** 264.130.1310465
- **State Registration Date:** April 11, 2023⁵
- **Place of Business:** Armenia

Contact Information:

- **Phone:** +374-10-410410
- **Email:** info@telecomarmenia.am
- **Website:** www.telecomarmenia.am

The Company's state registration location, registration number, registration date, and actual place of business, as well as the country of incorporation and other details, are available in the electronic registry database of the Armenian Government at www.e-register.am.

3.3.1.3 Significant Events

The key events in the development of the Issuer's business are outlined below.

Mobile Market

The Company was the first in Armenia to launch 2G and 3G mobile networks in 1996 and 2008, respectively. The Company's 4G network was launched in 2016. As of July 31, 2024, the Company's 2G, 3G, and 4G mobile networks cover 98.2%, 96.2%, and 74.1% of Armenia's population, respectively.

In 2015, the Company was the first in the market to offer converged packages combining mobile and fixed services under a single bill.

In 2019, the Company introduced its BeeTV (now TeamTV) television app and expanded its converged service offerings for fixed and mobile communication.

The Company continuously upgrades its mobile base stations and builds new stations. As of September 2024, the Company's radio access network (RAN) consists of 886 macro base stations (with a total of 1,036 stations).

In March 2023, the Company was awarded permissions to use radio frequencies in the 700 MHz band, and in April 2023, in the 1800 MHz band, through competitive bidding. The Company has committed to expanding 4G network coverage and deploying 5G mobile broadband network in Yerevan, Gyumri, and Vanadzor within the coming 2 and 3 years, respectively.

⁵ Before its reorganization as an open joint-stock company, the Company's date of state registration was considered to be March 1, 1995.

Fixed-Line Market

Since 2007, the Company has been offering broadband internet services in the fixed-line market using ADSL technology. In 2012, the Company launched broadband internet services through its FTTB network in the fixed-line market.

In 2015, the Company was the first in the market to offer converged packages combining mobile and fixed-line services under a single bill.

In 2016, the Company provided wireless CDMA technology-based access to fixed telephony and internet services in 99% of Armenia's rural areas.

In 2018, the Company introduced broadband internet services using VDSL technology and IPTV services in the fixed-line market.

Since 2021, the Company has initiated the construction of a unique 25 Gbps NGN FTTH network in the region. This technology provides up to 1 Gbps, and for 25% of users, up to 10 Gbps symmetric data transmission speeds. The FTTH network, combined with three-layer Wi-Fi subscriber devices (CPE - Customer Premise Equipment) and modern IPTV services, offers a competitive product in the market that significantly enhances the Company's offerings. In April 2021, the Company received a network operator license for Armenia from the Television and Radio Commission.

Since 2021, the Company has been providing IP data transit services from Asia to Europe for regional telecommunications operators via its DWDM transmission network.

Change in Legal Form / IPO

The Company changed its legal form on April 11, 2023, transitioning from a closed joint-stock company to an open joint-stock company. One of the key objectives of this reorganization was to conduct an initial public offering (IPO). Telecom Armenia became the first company in the telecommunications sector in Armenia to list its shares on the Stock Exchange through an IPO.

A total of 40 million shares, with a combined value of AMD 8.24 billion, were issued. Around 1,000 individual and institutional investors became shareholders of the Company.

Offered Shares	Class "A" Common Shares
Number of Votes per Share	1 vote
Number of Shares	40 million
Price of One Share	206 AMD
Total Volume of the Offered Shares	AMD 8,240 million
Placement Period	From June 7, 2023 to October 31, 2023
Placement Agent	Ameriabank CJSC

The publicly listed Class “A” Common Shares of the Company are listed on Stock Exchange Class “B” share list.

The funds raised from the IPO are being directed toward the expansion of the fiber-optic NGN across Armenia, the introduction of 5G technology in the mobile network, and the activation of new international communication routes.

3.3.2 Investment Programs

Since 2020, the Company has made investments totaling over AMD 37 billion. These investments have primarily been financed through the Company’s operational cash flows and funds raised from the issuance of shares.

The Company’s medium-term investment plan, in line with its strategy, is presented in the table below.

Table 1. Capital Expenditure Forecast

<i>thousand AMD</i>	2024	2025	2026	2027	2028	2029
Mobile Network	4,058,707	4,170,564	1,977,118	869,730	877,396	885,131
Fixed Network	2,691,774	2,736,384	2,189,019	410,639	425,288	432,024
CPE	848,416	845,705	899,634	801,408	706,813	655,068
IP Network	358,160	361,672	1,127,453	1,126,377	1,126,305	1,127,153
Transmission	78,000	78,765	79,459	200,399	202,165	203,947
DC & tech. env.	97,500	98,456	387,363	390,777	394,222	397,697
Batteries	195,000	196,912	198,648	200,399	101,083	101,974
EV Chargers	136,500	98,456	-	-	-	-
IT	1,174,690	1,186,206	799,368	806,414	813,522	1,228,588
Other	203,386	240,232	361,538	513,020	921,873	1,413,354
Total	9,842,133	10,013,352	8,019,599	5,319,162	5,568,668	6,444,934

From 2020 to 2023, the Company has consistently implemented key programs at the core of its strategy. The investments made, as well as those planned for the medium term, are directed towards:

- **Modernization and Expansion of the Fixed Network** (over AMD 12 billion in investments already made):

The Company has built high-speed FTTH networks providing internet access in the administrative districts of Davtashen, Arabkir, Avan, Zeytun, and Nor Nork in Yerevan, as well as in 33 regional cities (including Hrazdan, Kapan, Armavir, Artashat, Charentsavan,) and 5 villages. Network construction is also underway in Yerevan's Kentron, Shengavit, Ajapnyak districts, and several regional settlements.

Due to the unique NGN built in the region, 300,000 households already have access to ultra-high-speed internet with a capacity of 25 Gbps.

The cutting-edge server and subscriber equipment for this network is supplied by Nokia, a leader in the industry.

The Company currently operates a primary optical network consisting of 6,374 km of fiber optic cables, 2,722 km of unique underground pipeline infrastructure, and 60,000 poles, covering the entire country. All network points are connected through a ring topology, ensuring maximum network reliability and service availability. Of the Company's 886 macro stations, 729 are connected via optical channels (instead of radio links), enhancing mobile station bandwidth and improving mobile internet quality.

Between 2024 and 2026, the Company plans to expand its state-of-the-art FTTH network to cover additional 220,000 households in urban and rural communities of Armenia's regions.

By the end of 2026, the implementation of the FTTH project will result in 500,000 households across nearly all settlements in Armenia having access to ultra-high-speed NGN with a capacity of 25 Gbps.

The planned investments in this direction for 2024-2026 amount to AMD 7.7 billion.

- **Acquisition of Subscriber Equipment** (approximately AMD 3 billion invested):

Along with the expansion of fixed and mobile networks, the Company is acquiring customer premises equipment (CPE). Depending on the challenges being addressed and the services provided in a given area, different types of equipment are selected. The main types of customer premises equipment are primarily divided into two categories—intended for residential households and small-to-medium businesses, providing connections using three main passive technologies: GPON/XGS-PON/25G-PON.

The Company's existing customer premises equipment includes residential routers with Wi-Fi 4/5/6 technology, providing high-speed wireless internet connections and voice services. The Wi-Fi extender devices provided to subscribers to expand Wi-Fi network coverage ensure seamless transition from one Wi-Fi device to another (mesh network), significantly improving the customer experience.

The planned investment for this direction in 2024-2026 amounts to AMD 2.6 billion.

- **Construction of Transit and Intra-Republicanism Transmission Network** (over AMD 3.4 billion invested):

The DWDM transmission network, based on Huawei and Nokia equipment, supports data transmission speeds of up to 400 Gbps.

As part of the North-South data transit project, the Company began building and developing a high-speed DWDM transmission network using modern Nokia solutions in 2020, alongside the previously constructed Huawei-based network.

The capacity of the communication channels has doubled annually, reaching 5.4 Tbps by July 2024. The deployed network is fully compatible and capable of providing 100G lambda services. The

DWDM network also supports IP-MPLS transport and SDH networks, effectively increasing their capacity.

The Company plans to continue upgrading the network between 2024 and 2026, with an additional investment of AMD 240 million.

New hubs have already been installed at the Company's data centers in Gyumri, Talin, and Ashtarak. There are plans to install a new hub in Tashir and increase the capacity of the Vanadzor-Ptghavan communication line to enhance the capacity and reliability of international communication channels. Additional equipment will be added to the IP/MPLS network to boost capacity at data centers in Hrazdan, Yeghegnadzor, Kapan, Agarak, and Ptghavan.

- **Modernization and Expansion of the Mobile Network** (over AMD 3.4 billion invested):

The Company continuously upgrades its mobile radio access network, which now consists of 1,036 mobile stations (including 886 macro, 67 micro, and 83 pico stations), covering 98.2% of Armenia's population with 2G, 96.2% with 3G, and 74.1% with 4G technologies.

In 2023, through competitive tenders, the Company acquired 40 MHz of radio frequencies in the 700 MHz band, enabling further expansion of its 4G network and the forthcoming deployment of 5G technology in the mobile networks of Armenia's three major cities.

The Company plans to expand 3G and 4G coverage throughout the country to provide wider access to data services. Upcoming projects include the introduction of VoLTE technology. The network modernization will include the upgrade of over 400 mobile macro stations in Yerevan and other major cities of Armenia with next-generation Ericsson multi-technology equipment, supporting 2G/3G/4G/5G technologies.

Between 2024 and 2026, the Company also plans to construct around 250 new mobile stations in Yerevan, Gyumri, Vanadzor, Tavush region, and other regional settlements, as well as upgrade 250 existing stations with 4G-capable equipment. The rollout of 5G stations is scheduled to begin in 2025-2026.

The planned investment in mobile network development for 2024-2026 is AMD 7.4 billion.

- **Development of the IP Multimedia System** (over AMD 1.8 billion invested):
Alongside the expansion of its mobile network, between 2021-2023, the Company implemented the EXFO Nova Explorer platform for traffic analysis, aimed at addressing subscriber complaints, identifying and analyzing network issues, visualizing and resolving problems. The old Huawei STP/MNP system was replaced with the teleSys USPS system, and new SS7 Firewall and DRA functionalities were introduced.

To ensure service continuity and reliability, ongoing maintenance and software updates were carried out on network elements currently in operation.

The Company is in the process of upgrading its mobile data transmission PS Core network with modern Ericsson platforms.

The ENM (Ericsson Network Management) system currently being deployed will allow for the mobile voice CS Core network's software to be updated to the highest level available today. The planned investment in this direction for 2024-2026 is AMD 2.3 billion.

- **Development of IPTV & OTT Television Services** (over AMD 750 million invested): Between 2021-2022, to improve the quality of television services, the Company implemented a new TV Headend platform developed by the French Company ATEME. The software and design of the television portal were revamped, and new TV channels are continuously being added. To maintain system performance and high-quality services, additional server resources are regularly integrated into the system.

The planned investment for IPTV & OTT services from 2024-2026 amounts to AMD 300 million.

- **Modernization of Data Centers and Technical Environment** (over AMD 300 million invested):

The Company has an extensive network of voice transmission equipment across the country. Communication hubs are located in 91 buildings (12 large and 12 small in Yerevan, 47 in regional cities, and 20 in large villages).

There are three primary data centers in Yerevan, with the main data center hosting IP Television, cloud, and IT infrastructure, core and edge routers, and primary IP transport equipment. The other two-house server equipment for the mobile network. The primary data center in Yerevan is classified as a regional Tier 3 data center.

The main IT data center, relaunched between 2022-2023, spans 469 square meters and serves the Company's internal needs while also offering cloud, hosting, and co-location services.

In the coming years, new server racks will be continuously added to the data centers, along with the modernization and enhancement of uninterrupted power supply (UPS) and cooling systems. Electrical supply directions will be restructured to improve reliability, and the fire protection system will be upgraded.

In regional nodes and mobile base stations, old batteries will be replaced, fixed voltage power systems will be upgraded, and problematic backup generators will be replaced. The planned investment in this area for 2024-2026 is AMD 1.2 billion.

- **Modernization of the IP/MPLS Network** (over AMD 300 million invested): The Company's nationwide IP/MPLS Backbone network is based on equipment from Nokia, Ericsson, Huawei, and Cisco, with all network points connected through a fully redundant ring architecture. This ensures full-service availability in the event of any cable damage.
- This network serves as the backbone for several services, such as:
 - backhaul for the mobile network;
 - IP transport for B2B subscriber services;
 - aggregation points for B2C access networks;
 - IP-level connections between PoPs (Points of Presence) and COs (Central Offices/Data Centers).

During 2024-2025, the network will undergo extensive upgrades with Nokia equipment to meet increasing demands for bandwidth. The project is currently underway.

Once upgraded, the network will have a total capacity of up to 216 Tbps, improve routing efficiency, ensure maximum network stability, prevent service interruptions, automate network management, and optimize resources across both IP and optical networks. Comprehensive control over router management will enhance IP network security, while also achieving maximum energy efficiency.

Development of the Core and Edge IP Network (over AMD 119 million invested): In the course of 2021-2022 years, the Company launched a new, high-capacity edge router (Juniper MX 2020) in Yerevan, along with new Points of Presence (PoP) in international data centers located in Sofia, Frankfurt, Moscow, and Amsterdam. During this period, the Company also activated new connections, including Frankfurt-Sofia with 100 Gbps bandwidth, Yerevan-Sofia with 200 Gbps total bandwidth, and Yerevan-Moscow-Frankfurt with 100 Gbps total bandwidth.

Through new traffic exchange routes in international PoPs, the Company established direct peering with major IX networks, such as DE-CIX Frankfurt, DATA-IX Moscow, MSK-IX Moscow, PITER-IX Moscow, BALKAN-IX Sofia, and BIX Sofia. New PoPs were launched in Equinix/FR5 in Frankfurt and Equinix/AM5 in Amsterdam, which are interconnected.

The Company plans to open a new route through Georgia and Russia to Stockholm, Sweden, and to install a new PoP at Equinix/SK1 in Stockholm.

Additionally, cache engines for Google, Meta, Akamai, Cloudflare, G-Core, and Netflix have been installed in the Company's data center to enhance the quality of services for local and international customers.

The planned investment in this area for 2024-2026 is AMD 350 million.

- **Modernization and Development of IT Technologies** (over AMD 5.4 billion invested):

In 2023, the Company began implementing a new billing system, which includes the modernization of software solutions and server infrastructure. This large-scale initiative aims to transform the Company's operations by introducing state-of-the-art capabilities for managing converged services. The new system is designed to simplify the management of multiple services in one platform. The goal of this upgrade is to streamline operations, make processes smoother, and ultimately make life easier for both the Company's team and its customers. A key feature of the new system is its support for converged services, enabling the use of multiple services on a single platform. The functionality of converged services offers the following benefits:

- It allows the integration of different services into one platform, simplifying the calculation of service usage and billing for subscribers, enhancing the quality of customer service.
- It provides subscribers with a unified system where they can see one bill for all their services and manage everything from one interface.
- It enables the quick development of flexible new offers, such as bundled services.
- Overall, this functionality within the new billing system allows for more flexible and interesting service offerings, simplifies payment management and customer service, reduces costs, and increases revenue.

- **Investment in Property** (over AMD 4.4 billion invested):

Between 2020-2022, the Company undertook several important initiatives, including renovating and upgrading service centers, technical buildings, and office spaces under a new concept as part of the rebranding process. These improvements were made to create safe, healthy, and comfortable work environments for employees and to provide a more pleasant and high-quality experience for customers in service centers.

The Company also expanded its vehicle fleet, with 70% of the new vehicles consisting of electric cars with zero emissions and silent engines, contributing to environmental protection and reducing the Company's ongoing expenses.

In 2024, the planned investment in this direction amounts to AMD 34 million.

3.4 Description of Business

3.4.1 Main Activities

The Issuer operates in Armenia's telecommunications market in both mobile and fixed-line sectors, offering voice, internet, and television services, as well as other digital services.

For its regular business operations, the Company has obtained the following key licenses/permissions. (Note: The details of the specific licenses and permissions should follow, but they were not provided in the original text).

Permission/License	Number	Issued by	Granted on	Valid until
License Right and obligation to operate a public electronic communication network	No. 60	PSRC	01.03.1995	03.03.2028
License for network operator activities	KH No. 311	Television and Radio Commission	29.04.2021	29.04.2031
Radio frequency band usage permits				
700 MHz band	713-723 MHz 768-778 MHz	1327	10.03.2023	14.03.2033
	723-733 MHz 778-788 MHz	1328	22.03.2023	24.03.2033
900 MHz band	890-902.5 MHz 935-947.5 MHz	0855	27.10.2010	03.03.2028
1800 MHz band	1735-1765 MHz 1830-18560 MHz	0124	20.04.2007	03.03.2028
		0931	27.04.2011	03.03.2028
		1277	23.04.2019	25.04.2029
		1281	19.06.2019	20.06.2029
		1333	12.04.2023	14.04.2033
		Amended 31.08.2023		
2100 MHz band	1965-1980 MHz 2155-2170 MHz	0177	01.10.2007 (amended 16.03.2016)	03.03.2028

The Company operates 78 sales and service centers throughout Armenia, 28 of which are located in Yerevan.

3.4.1.1 Mobile Communication Services

The Company provides voice and internet services in the mobile communication market. In addition to mobile communication services, the Company offers digital television services via a mobile app, as well as other digital services.

Networks

The Company began offering mobile communication services in 1996, when it launched Armenia's first 2G mobile network. In 2008, the Company was the first to introduce 3G network in Armenia, followed by the launch of 4G mobile network in 2016. The 4G+ technology was introduced by the Company in 2020.

As of December 31, 2023, the mobile coverage of the Company by technology is presented in the table below.

Mobile Network Coverage (as of December 31, 2023):

Technology	Population Coverage	Settlement Coverage	Geographical Area Coverage
2G (GSM)	96.43%	90.30%	51.95%
3G (UMTS)	99.10%	66.70%	69.69%
4G (LTE)	74.06%	21.97%	15.35%

Radio Frequency Bands Used by the Company:

Frequency Band	Technology	Spectrum Width
700 MHz	4G/5G	40 MHz
900 MHz	2G/3G	25 MHz
2,100 MHz	3G	30 MHz
1,800 MHz	4G	60 MHz

This table outlines the coverage of mobile technologies across Armenia and the radio frequencies used to ensure network availability.

The Company pays an annual fee of AMD 16.8 million per 1 MHz radio frequency band (totaling AMD 2,604 million annually). As of September 2024, the Company's radio access network (RAN) consists of 1,036 base stations, of which 886 are macro stations. Notably, the Company completed a project to reallocate part of the 900 MHz frequency band from 2G GSM to 3G UMTS technology. This reallocation enhances the quality of voice calls and mobile internet, while also improving the in-building penetration of 3G network.

More than two-thirds of internet (data transmission) traffic is served through 4G network, with the remaining traffic handled by 3G network. The Company continues to upgrade existing base stations and build new ones, resulting in 575 stations now equipped with LTE technology.

The Company's mobile core network, which includes both bundled (packet-switched (PS)) and voice (circuit-switched (CS)) segments, is geographically redundant and located in two separate data centers. The mobile communication network is based on equipment and software solutions provided by leading industry manufacturers. Huawei supplies the base stations (covering all 2G/3G/4G components) for the radio access network. Meanwhile, the essential components of the core network are provided by Ericsson and Nokia.

The Company is in the process of upgrading its mobile data transmission PS Core network using Ericsson's latest platform. Additionally, the implementation of the ENM (Ericsson Network Management) system will enable the software of the mobile voice CS Core network to be updated to the latest available version.

Following the 2023 tenders for the acquisition of 700 MHz radio frequency bands, the Company was granted permission to use a total of 40 MHz, which allowed for further expansion of 4G network and set the stage for the upcoming deployment of 5G technology in the mobile networks of Armenia's three largest cities.

The Company plans to further expand 3G and 4G coverage throughout the country to ensure broader access to data services. Upcoming projects also include the introduction of VoLTE technology. The network modernization will involve upgrading more than 400 mobile macro stations in Yerevan and other major cities with Ericsson's latest multi-technology equipment, which will support 2G/3G/4G/5G technologies. The Company also plans to construct approximately 250 new mobile stations in Yerevan, Gyumri, Vanadzor, Tavush region, and other regional areas, along with upgrading 250 existing stations with 4G-capable equipment. The rollout of 5G stations is scheduled to begin in 2025.

Mobile Communication Service Offers

In the mobile communication market, the Company offers several tariff packages for individual subscribers, including pre-paid and post-paid options such as "Be Free Unlimit," "Be Free," and "Smart." These packages include mobile internet data, minutes, and SMS, along with access to various apps without additional charges or data consumption. For regional subscribers, there are specially designed pre-paid tariff plans called "**Be Free Regional**" and "**Smart Regional**."

For business subscribers, the Company offers pre-paid mobile plans like "Business," "Smart," "Be Free," and "Be Free Regional," as well as post-paid options such as "PRO," "Business," "Smart," and "Be Free." These packages provide voice services (on-network and off-network calls), mobile internet, SMS, and access to various apps without additional charges.

Both individual and business subscribers using these tariff plans can also enjoy TeamTV mobile television through the mobile app without incurring additional internet data charges.

In addition, the Company offers M2M (Machine-to-Machine) services for business subscribers in the mobile communication market.

The Company also provides high-speed mobile internet packages for smartphones, computers, tablets, WiFi/USB modems, as well as internet packages for roaming, available in both pre-paid and post-paid formats for individual and business subscribers.

No state regulatory body imposes price controls on the Company's mobile communication services, except for License No. 60 issued by the PSRC on the right and obligation to operate a public electronic communication network, which requires that tariffs must be fair, reasonable, and not anti-competitive.

Mobile Subscribers

As of June 30, 2024, the Company had 1,051,679 mobile subscribers, representing 26% of the mobile market, a 0.7% increase compared to 2023. The table below outlines the annual dynamics of the mobile subscriber base:

	2019	2020	2021	2022	2023	H1'2024
Mobile subscribers, of which	947,790	904,689	915,534	958,293	1,044,939	1,051,679
<i>Share of the population</i>	32.0%	31.0%	31.0%	32.0%	35.1%	35.3%
Prepaid subscribers	828,946	784,133	777,573	787,261	856,918	833,056
Postpaid subscribers	118,844	120,556	137,961	171,032	188,021	218,623

4G subscribers have demonstrated steady growth, while 3G subscribers have exhibited a more modest increase. Due to modern trends, the number of 2G subscribers has been gradually decreasing. The table below provides the year-end subscriber counts for each technology across different years.

	2019	2020	2021	2022	2023	H1'2024
2G and 3G network subscribers	732,691	668,439	579,806	616,203	680,436	671,379
<i>Share in total subscribers</i>	77.3%	73.9%	63.3%	64.3%	65.1%	63.8%
4G network subscribers	215,099	236,250	334,430	342,090	364,503	380,300
<i>Share in total subscribers</i>	22.7%	26.1%	36.5%	35.7%	34.9%	36.2%

The number of mobile internet (data service) users has also demonstrated consistent growth, reaching 761,137 subscribers as of June 30, 2024 (72.4% of the total subscriber base). The table below presents the dynamics of mobile internet subscribers over the years.

	2019	2020	2021	2022	2023	H1'2024
Mobile internet subscribers, of which	554,366	557,966	618,206	671,960	743,296	761,137
<i>Share in total subscribers</i>	58.5%	61.7%	67.5%	70.1%	71.1%	72.4%
Excluding users via mobile phone	54,435	55,531	59,284	79,314	82,565	108,347
Users via mobile phone	499,931	502,435	558,922	592,646	660,731	652,790

Mobile Traffic

The total traffic for outgoing calls and mobile internet (data transmission) by year is summarized in the table below.

	2019	2020	2021	2022	2023	H1'2024
Outgoing calls total traffic, minutes	1,582,681,298	1,600,774,363	1,611,359,950	1,564,210,091	1,554,781,885	809,806,322
<i>Annual growth rate</i>	<i>-1.9%</i>	<i>1.1%</i>	<i>0.7%</i>	<i>-2.9%</i>	<i>-0.6%</i>	<i>-47.9%</i>
Internet total traffic, thousand megabytes	12,906,016	20,150,965	30,277,473	46,939,409	59,808,388	36,191,604
<i>Annual growth rate</i>	<i>28.0%</i>	<i>56.1%</i>	<i>50.3%</i>	<i>55.0%</i>	<i>27.4%</i>	<i>31.0%</i>

The mobile internet (data transmission) traffic has been experiencing steady growth year by year, and this trend is expected to continue with the expansion of the Company's broadband internet coverage and modern market trends.

3.4.1.2 Fixed-Line Services

The Company offers voice and internet services in the fixed-line market. Alongside fixed internet services, the Company also provides digital television services through IPTV and OTT technologies.

In 2015, the Company introduced converged packages that combined mobile and fixed-line services, with a single bill for both.

Networks

Since its establishment, the Company has been operating Armenia's national public telephone (PSTN) network. In 2007, it began offering internet services via xDSL technology over its copper network, initially becoming the leader in the broadband internet market. However, as higher-speed fiber optic networks became available, the Company's market share decreased.

In 2012, the Company launched FTTB technology for broadband internet services in the fixed-line market. Through the FTTB network, the Company also offers OTT TV services.

In 2018, the Company introduced fixed internet services using VDSL technology, which can provide data transmission speeds of up to 100 Mbps, as well as digital television traffic through IPTV technology. When deploying the VDSL network, the Company built an FTTC network, which partially replaced the copper-based access network.

Since 2021, the Company has initiated the construction of a unique regional NGN FTTH network with 25 Gbps speeds using 25XGS-PON technology. This technology allows subscribers to access download speeds of up to 1 Gbps, with 25% of users being able to receive symmetric speeds of up to 10 Gbps for data transmission and internet services.

As the successor to Armenia's national public telephone (PSTN) network, the Company owns an extensive underground pipeline and aerial pole network infrastructure, which forms the foundation for constructing the high-speed 25XGS-PON-based FTTH network. The underground pipeline infrastructure consists of 2,722 km of pipes (1,982 km in Yerevan and 740 km in the regions) and 25,393 manholes (12,138 in Yerevan and 13,255 in the regions). Where underground pipelines are unavailable, the network is supported by 60,342 aerial poles (11,386 in Yerevan and 48,956 in the regions). The FTTH network, combined with subscriber CPE (Customer Premise Equipment) Wi-Fi devices and modern IPTV services, is a powerful offering in the competitive market.

As of December 31, 2023, the coverage of the Company's fixed network by technology across Armenian settlements is presented in the table below.

Here is the fixed network coverage breakdown as of December 31, 2023, by technology and region:

Region	FTTH	FTTB	VDSL/ADSL	PSTN
Yerevan	19.25%	31.32%	58.39%	99.14%
Aragatsotn	-	-	21.53%	28.15%
Ararat	-	-	18.49%	30.27%
Armavir	14.17%	-	17.5%	38.29%
Gegharkunik	8.61%	-	15.28%	32.29%
Lori	7.47%	-	43.54%	42.21%
Kotayk	18.02%	-	12.55%	22.67%
Shirak	-	5.38%	25.23%	64.26%
Syunik	38.63%	-	38.24%	65.43%
Vayots Dzor	12.91%	-	36.57%	50.78%
Tavush	2.08%	-	26.34%	34.63%

The Company currently operates a primary optical network comprising 6,374 km of fiber optics. The fiber-optic transport network is built using DWDM equipment from Huawei and Nokia. The construction of the network with Nokia's DWDM equipment began in 2020. The new DWDM network has contributed to increased data transmission volumes in both the fixed and mobile networks. The network's capacity nearly doubles annually, reaching 5.4 Tbps by November 2022 (up from an initial capacity of 1 Tbps).

The DWDM network enables connectivity between Middle Eastern and Central Asian countries and Europe via Georgia. This route, created by combining the Company's DWDM backbone network with Georgian networks, offers an attractive alternative to other data transmission routes in the region. The route from Armenia through Georgia, across the Black Sea, and to Europe is one of the shortest to the major European data exchange hubs in Sofia and Frankfurt. In just 2.5 years, the Company has become one of the key players in the region's transit communication market, selling more than 3 Tbps in transit bandwidth to partners in other countries. This makes the Company the largest provider of international transit bandwidth in Armenia. Data transmission time from Agarak (on the Armenian-Iranian border) to Sofia is 32 milliseconds, and to Frankfurt is 61 milliseconds. The main competing route is through Turkey, using a land-based cable network from the Iran-Turkey border to Europe. The latency of the Turkish route is comparable to the Caucasian route, driving competition in the market.

In addition to the Black Sea route, the Company plans to soon launch an alternative land-based route to Europe via Georgia, Russia, and then to Europe. This will further strengthen the Company's position as a key provider in the region's transit communications market, making it an even more attractive option for wholesale service buyers.

The Company has its own equipment in major European data centers located in Frankfurt, Sofia, and Moscow, which facilitates the delivery of fast and high-quality services. This presence in key data centers allows the Company to establish direct connections with crucial exchange networks (such as DEC-IX, DATA-IX, MSK-IX) and major data repositories (including Facebook, Google, Netflix, Cloudflare). These

advantages enable the Company to offer a broad range of high-quality services, making it an attractive partner for customers and collaborators.

The nationwide IP/MPLS extensive network connects the central locations of the existing public switched telephone network (PSTN) and data centers. The IP/MPLS backbone network is based on equipment from Ericsson, Huawei, and Cisco. This network covers the entire country, connecting all sections with ring topology. The Company plans to increase the network's capacity through capital investments, targeting a capacity of 200 Gbps in the northern sections (up from 100 Gbps currently) and 40 Gbps in the southern section (up from 10 Gbps currently). The Company's IP/MPLS network also plays a role in providing international IP transit services.

Fixed-Line Service Offers

In the fixed-line telecommunications market, the Company offers internet, voice, and television services to individual subscribers. These services are available within the attractive "**COSMO**" and "**COMBO**" converged packages, which also provide the option to use mobile services.

The "**COSMO**" package is based on the next-generation fiber-optic NGN, built with cutting-edge XGS-PON technology. The network speed reaches 25 Gbps, significantly higher than the GPON networks currently available in Armenia, which offer speeds of 1 Gbps. The fiber-optic part of the network is constructed using a dedicated pathway principle, meaning that the topology ensures each subscriber receives a separate fiber connection from the data center, guaranteeing the highest quality and speed of services.

The packages allow customers to choose fixed internet speeds ranging from 150 Mbps to 1 Gbps, along with one to three "**Nokia Beacon 1.1**" or "**Nokia Beacon 2**" devices for extended Wi-Fi coverage, television services (TeamTV) with 150-200 channels, "**Be Free**" mobile communication packages with varying inclusions, and up to 180 minutes of fixed-line telephone usage. The service is offered in four price options for subscribers in Yerevan and three price options for subscribers in the regions.

The "**COMBO**" package combines fixed-line, television, and mobile services. Depending on the selected tariff, the package may include up to 100 Mbps fixed-line internet, TeamTV television services with 150 channels, fixed-line minutes, and mobile services (internet, calls), among others. The fixed internet in the "**COMBO**" package is delivered using VDSL/FTTB technologies.

The Company offers fixed-line telephone services for individual subscribers with five tariff plans: "**Preferred**," "**Basic 1**," "**Basic 2**," "**Alternative 1**," and "**Alternative 2**." These plans differ based on the number of included free minutes. Additional services offered to Fixed-Line Subscribers include call waiting, call forwarding, three-way calling, do not disturb, caller ID, premium numbers, online services, short dial, outbound call blocking, and wake-up calls.

For business subscribers, the Company provides intelligent connectivity, corporate networks, hosting, internet and television services via fiber-optic cables, and fixed-line telephone services in the fixed-line telecommunications market.

Fixed internet is available through four connection technologies: **FTTH**, **FTTB**, **VDSL**, and **ADSL**. The offers are available through the following packages: "Team Internet" 15-70 Mbps, "NGN Business" 7-75 Mbps, "Hi-Line" (up to 10Mbps).

Fixed-line telephone services for business subscribers are available through three main tariff packages: “Business Alternative,” “Alternative,” and “Basic,” each offered in two or three price options.

Within the framework of intelligent connectivity, the Company offers services such as Virtual PBXs, E-1 alternative channels, four-digit numbers, and 0-800 special numbers.

Within the framework of corporate networks, the Company offers services such as corporate internet, corporate VPN, construction of cable infrastructures, installation of server and network infrastructures, and creation of corporate networks. Additionally, within the scope of fixed telecommunications services, the Company provides pole usage services.

There are no general restrictions on the Company’s fixed-line service tariffs, except for the following cases:

- for any changes in the regulated tariffs for fixed-line telephone services, the Company must apply for and receive approval from the PSRC. This also applies to regulated fixed-line services included in package deals,
- certain services provided to business customers within the framework of intelligent connectivity (such as E-1 alternative channel and E1, ISDN PRI services) are subject to tariff regulation.

According to the conditions of License No. 60, the established tariffs must be fair and reasonable and must not be anti-competitive.

Fixed-Line Subscribers

As of December 31, 2023, the Company had a total of 296,448 Fixed-Line Subscribers, which represents a 9.3% decrease compared to the previous year. This decline is primarily due to a reduction in the number of voice service users. By June 30, 2024, the number of Fixed-Line Subscribers had dropped to 282,879, an 8.6% decrease from the previous year.

The reduction in voice service subscribers is mainly attributed to the migration of users from fixed-line to mobile services and the growing availability of OTT voice platforms. About 87% of voice service subscribers are individuals, while the remaining 13% are companies and government entities.

In its early years, the Company became a leader in the broadband internet market, offering internet services via xDSL technology over its copper network. However, with the development of the sector and the expansion of fiber-optic networks, the number of internet subscribers decreased as many users were using older xDSL technology, which did not provide high-speed internet. The Company’s construction of a modern FTTH network slowed the decline in fixed internet subscribers and contributed to an increase in users of the new technology. As of December 31, 2023, the number of subscribers using the Company’s internet services increased by 2%, driven by the expansion of the FTTH network and a rise in the number of users.

About 97% of internet subscribers are individuals, with the remaining subscribers being companies and government entities. By December 31, 2023, 33% of the Company’s fixed internet subscribers were using ADSL technology, down 9 percentage points from 2022. Meanwhile, the share of subscribers using FTTH technology has been growing.

It is worth noting that more than 50% of ADSL and VDSL internet subscribers are located in the regions, while FTTB and FTTH subscribers in the regions account for 2% and 44%, respectively.

As of June 30, 2024, the FTTH network is available to more than 270,000 households, with over 50% of them located in the regions. The Company plans to increase the number of homes with access to FTTH technology to 500,000 by the end of 2026.

The number of subscribers to the Company's television services has grown significantly in recent years, with a compound annual growth rate (CAGR) of 58% as of December 31, 2023. It is important to note that the Company provides home TV services only within fixed-line packages (alongside internet and telephone services) or within converged packages (alongside internet, telephone, and mobile services).

3.4.1.3 Digital Services

The Group offers a variety of digital services to its subscribers:

- Utility and service payments: Subscribers can make payments for utilities and other services at the offices of Team Pay CJSC, a payment processing Company operating in the Company's branches.
- Electric vehicle charging: Mobile subscribers can use the Team Energy app to charge their electric vehicles at over 30 charging stations, paying through the balance of their mobile phone number.
- Team Bonus loyalty program: This program allows subscribers to accumulate bonus points based on their expenses, which can then be redeemed for various services such as mobile internet packages, minutes, and special offers in collaboration with partners.

3.4.2 Main Factors Affecting the Company's Operations

Below are the main factors that have significantly affected or may affect the Company's operations, operational results, and financial condition during the observed periods or in the future:

- **Technical Capabilities and Limitations**

The Company's ability to expand the coverage of mobile and fixed-line communication services, attract new customers, and provide higher quality services to existing customers depends on the capabilities and limitations of mobile and fixed-line communication networks.

Since 2021, the Company has been actively implementing the construction of ultra-fast internet access FTTH networks using 25XGS-PON technology, providing subscribers with up to 10 Gbps fixed-line internet access. The Company estimates that the growth of fixed-line services will be due to the increasing number of areas covered by optical fiber networks, the construction of networks in areas not yet covered by optical fiber networks, and the migration of existing subscribers to higher quality services through cross-selling.

The Company is also replacing the radio relay links of its mobile network base stations with optical links, which increases the station's capacity and improves the quality of mobile internet.

The Company holds licenses for the use of radio frequencies for 2G, 3G, and 4G mobile networks. Currently, for 4G network, the Company only uses the 1,800 MHz frequency range (a total of 60 MHz band), which is insufficient for ensuring high communication capacity. To ensure this and improve in-building penetration, the Company has already acquired a license for the use of 700 MHz low radio frequencies. The use of 700 MHz frequencies will increase 4G network coverage and improve network penetration in buildings. Additionally, the Company plans to deploy 5G networks in the three largest cities of Armenia.

- **Competition**

There is competition in the market where the Company operates, and it may periodically intensify, which can have some impact on the Company's performance. The Company estimates that the offers of combined (convergent) packages and expanding fixed-line and mobile networks allow it to compete efficiently with other market players. However, offers by competitors targeting predatory pricing or price wars may exert additional pressure on the Company's pricing policy.

- **Churn**

The volume of churn may be influenced by the presence of certain advantages offered by competitors in the market, as well as customers' decisions to stop or limit the use of certain services without replacing them with other equivalent services provided by the Company or its competitors. An increase in churn could impact the Company's performance.

The Company estimates that the following factors help/reduce the level of churn:

- the spread of the Company's multiple services, particularly convergent packages, as customers subscribed to such packages are less likely to abandon the services;
- the Company's technologically advanced fixed-line internet and combined (convergent) package offerings are more attractive compared to competitors.

- **Macroeconomic Situation in Armenia**

The overall economic activity level in Armenia, macroeconomic indicators (including GDP growth rate, economic activity index, inflation, unemployment rate), and fiscal (tax-budgetary) and monetary policies pursued by government bodies also affect the Company's operations, operational, and financial indicators.

An example of the impact of economic activity on the Company's and other market participants' operations could be the change in the Armenian economy due to the COVID-19 pandemic. During the economic downturn caused by COVID-19, the telecommunications market saw a decrease in the number of subscribers, as well as reduced revenues and profitability. As the economy began to recover, the Company's (and the market's) subscriber base, revenues, and profitability started to grow.

3.4.2.1 Main Markets

- The Company operates in the telecommunications market of Armenia, offering fixed-line and mobile communication services. The Company also engages in the sale of equipment, being an official partner of well-known brands such as Samsung, Xiaomi, Nokia, Honor, and others in Armenia. Since 2021, it has also been successfully selling televisions.
- As of 2023, the Company's revenue amounted to 34 billion AMD, with 49% derived from mobile communication services, 37% - from fixed-line communication services, and 8% - from equipment sales. In the first half of 2024, the Company's total revenue amounted to AMD 17.5 billion.
- Below is a table presenting the dynamics of the Company's revenue by year.

<i>Thousand AMD</i>	2019	2020	2021	2022	2023	2024 H I
Total revenue, of which	34,792,686	29,541,097	31,710,514	34,576,678	34,022,153	17,444,689
Revenue from mobile communication services	17,784,828	14,811,487	15,526,846	16,112,680	16,630,805	8,126,329

<i>Share in total revenue</i>	51%	50%	49%	47%	49%	47%
Revenue from fixed communication services	13,005,449	12,269,755	13,697,593	14,670,396	12,605,947	6,914,001
<i>Share in total revenue</i>	37%	42%	43%	42%	37%	40%
Revenue from sales of equipment	3,933,469	2,344,838	2,349,969	3,063,207	2,859,222	1,435,740
<i>Share in total revenue</i>	11%	8%	7%	9%	8%	8%
other	68,940	115,017	136,106	730,396	1,992,046	968,620
<i>Share in total revenue</i>	0%	0%	0%	2%	6%	6%

3.4.2.2 Mobile Network Market

The mobile communication market consists of three operators: Telecom Armenia, Ucom, and Viva.

All three operators provide mobile communication services through 2G (GSM), 3G (UMTS), and 4G (LTE) mobile networks. 100% of Armenia's population has access to all three networks.

According to the analytical report of the PSRC on the provision of public mobile communication coverage in the Armenian settlements, as of January 1, 2024, 100% of the settlements in Armenia are covered by public mobile communication networks using 2G, 3G, and 4G+/LTE advanced technologies.

According to the same source, as of January 1, 2024, the coverage of 2G network of the Issuer extends to 90.5% of the settlements in Armenia, Ucom's 2G network covers 84.8%, and Viva's 2G network covers 100%. As of the same date, the coverage of 3G network of the Issuer extends to 66.6%, Ucom's 3G network covers 90.8%, and Viva's 3G network covers 98.9% of the Armenian settlements. The coverage with the 4G network of the Issuer extends to 21.9%, Ucom's 4G network covers 91.3%, and Viva's 4G network covers 100% of the Armenian settlements.

At the same time, according to the Company's data, as of January 1, 2024, 74.06% of Armenia's population is covered by the Issuer's 4G network.

All three operators offer 4G+/LTE-A mobile networks. To ensure mobile network coverage, operators use radio frequencies of 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2600 MHz, and 3500 MHz.

On November 16, 2022, the PSRC issued Decision No. 442-N, which set the rules for organizing tenders for granting licenses for the use of radio frequencies. As a result of the tenders, the Company received licenses for the use of 700 MHz (713-723 MHz, 768-778 MHz, 723-733 MHz, 778-788 MHz) and 1800 MHz (1780-1785 MHz, 1875-1880 MHz) frequency bands, while Viva received a license for the use of 800 MHz (791-801 MHz, 832-842 MHz) frequency bands. With the issuance of radio frequency band licenses, the PSRC aims to ensure the further development of mobile communication broadband networks and to facilitate the implementation of new generation broadband networks. Specifically, this includes providing 5G technology networks in major cities of Armenia, mainly for the "Internet of Things" (IoT) technology, improving the quality of mobile broadband coverage in enclosed (indoor) spaces (including penetration and signal levels), developing existing mobile communication infrastructure (with optical fiber connections), updating security systems, and strengthening the resilience of border settlements by developing optical fiber communication infrastructure.

The 800 MHz frequency bands will support the development of LTE-A and LTE-A Pro networks, ensuring a smooth transition from 4G technology to 5G technology networks. The 700 MHz frequency bands will support the implementation of the 5G network.

Companies that obtain licenses for the use of radio frequency bands are obligated to:

- for the 713-723 MHz / 768-778 MHz and 723-733 MHz / 778-788 MHz frequency bands, from the moment the license comes into effect, among other obligations:
 - within two years, ensure broadband internet outdoor coverage of at least 80% in inter-state highways and in settlements of Armenia, including coverage of the areas of Sevan, Tsaghkadzor, Jermuk, and Dilijan, the entire highways connecting Yerevan with Dilijan, Tsaghkadzor, and Sevan, and 95% of the highway connecting Yerevan with Jermuk.
 - Within two years, ensure broadband internet outdoor coverage of at least 90% in the administrative (cadastral) areas of Yerevan, Gyumri, and Vanadzor.
 - Within two years in Yerevan (including the area designated as “Engineering City” by the Armenian Government Resolution No. 1215-L dated November 1, 2018) and within three years in Gyumri and Vanadzor, ensure the deployment of 5G mobile broadband networks.
- For the 791-801 MHz / 832-842 MHz frequency bands, from the moment the license comes into effect, among other obligations:
 - within two years, ensure broadband internet outdoor coverage of at least 80% in inter-state highways and in settlements of Armenia, including coverage of the areas of Sevan, Tsaghkadzor, Jermuk, and Dilijan, the entire highways connecting Yerevan with Dilijan, Tsaghkadzor, and Sevan, and 95% of the highway connecting Yerevan with Jermuk.
 - Within two years, ensure broadband internet outdoor coverage of at least 90% in the administrative (cadastral) areas of Yerevan, Gyumri, and Vanadzor.

- **Subscribers**

Historically, the mobile communication market in Armenia has demonstrated a growth trend. As of December 31, 2023, the total number of subscribers was 4,074,746, which is 137% of the population of Armenia. By the end of the first half of 2024, the total number of subscribers was 4,060,501. The historical trend of the total number of subscribers in the mobile communication market is presented in the table below.

	2019	2020	2021	2022	2023	H1'2024
Mobile communication market Subscribers	3,776,209	3,646,179	3,740,427	3,878,228	4,074,746	4,060,501
<i>Share of the total population</i>	127%	123%	126%	131%	137%	136%

The decrease in the number of subscribers in 2020 was due to the negative impact of the COVID-19 pandemic on the economy.

The majority of subscribers in the mobile communication market are prepaid subscribers (80% of the total number of subscribers by the end of 2023).

The mobile communication market can generally be divided into voice and internet service markets. The voice service market is saturated, with OTT technologies (such as WhatsApp, Viber, Skype, etc.) gradually replacing traditional voice services. The spread of these technologies is increasing due to the expanding availability of mobile internet.

Historically, the mobile internet market has demonstrated a growth trend, with more and more mobile subscribers using mobile internet services. As of December 31, 2023, the number of mobile internet users (both via phones and other devices) was 3,220,848, which is 109% of the population of Armenia, and 79% of the total number of mobile communication subscribers. By the end of the first half of 2024, the number of mobile internet users was 3,188,277.

The historical trend of the number of mobile internet subscribers is presented in the table below.

	2019	2020	2021	2022	2023	H1'2024
Mobile internet market Subscribers	2,766,005	2,740,170	2,921,668	3,032,654	3,220,848	3,188,277
<i>Share of the total population</i>	93%	93%	99%	102%	108%	108%
<i>Share of total mobile communication subscribers</i>	73%	75%	78%	78%	79%	79%

	2019	2020	2021	2022	2023	H1'2024
Mobile internet market subscribers, of which	2,766,005	2,740,170	2,921,668	3,032,654	3,220,848	3,188,277
Excluding users via mobile phones	266,074	262,409	253,689	245,413	258,475	255,770
Users via mobile phones	2,499,931	2,477,761	2,667,979	2,787,241	2,962,373	2,932,507

According to the statistical indicators published by the PSRC, as of June 30, 2024, among mobile internet users via mobile devices: 71.1% use the 4G network, 16.1% use 3G network, 4.7% use 5G network, 0.1% use 2G network.

Below is a table showing the distribution of mobile internet subscribers by technology (network).

	2019	2020	2021	2022	2023	2024
Subscribers with mobile internet access, of which						
2G mobile devices	9.5%	7.0%	5.9%	0.5%	0.1%	0.1%
3G mobile devices	-	-	-	23.6%	17.5%	16.1%
4G, 4G+ mobile devices	80.1%	82.8%	84.7%	67.6%	71.6%	71.1%
5G mobile devices	-	-	-	-	2.7%	4.7%
USB modems, routers, and tablets	6.2%	5.4%	4.1%	3.3%	2.4%	2.2%
M2M technology	4.2%	4.8%	5.2%	4.9%	5.7%	6.0%

Mobile Network Market Revenues

The revenue from the main activities of the mobile communication market (calculated for the 3 operators) was AMD 86.2 billion in 2023. The share of revenue from data transmission services (internet) in the total mobile communication revenue is steadily increasing, reaching 46% in 2023. The revenue from the main activities of the mobile communication market was AMD 42.6 billion in the first half of 2024. The share of revenue from data transmission services (internet) in the total mobile communication revenue was 48% in the first half of 2024.

<i>Thousand AMD</i>	2019	2020	2021	2022	2023	2024 H1
Market revenues from mobile communication and related activities, of which	83,932,310	74,667,939	77,972,884	81,399,716	86,176,525	42,603,215

Voice	26,850,577	24,537,121	23,509,616	23,595,846	23,918,621	11,464,778
<i>Share in total revenue</i>	32%	33%	30%	29%	28%	27%
Data transmission	32,591,998	33,023,814	35,692,412	37,785,027	39,976,704	20,427,693
<i>Share in total revenue</i>	39%	44%	46%	46%	46%	48%
Interconnection	14,587,606	9,442,472	9,346,861	8,942,244	8,492,311	3,849,915
<i>Share in total revenue</i>	17%	13%	12%	11%	10%	9%
International roaming	3,897,304	1,729,281	2,342,180	2,945,032	3,968,675	1,558,483
<i>Share in total revenue</i>	5%	2%	3%	4%	5%	4%
other	6,004,825	5,935,251	7,081,815	8,131,567	9,820,213	5,302,346
<i>Share in total revenue</i>	7%	8%	9%	10%	11%	12%

Revenue from Mobile Voice Services

Revenue from mobile voice services demonstrates a declining trend, primarily due to the increase in voice transmission volumes over the internet and the continuous spread of OTT technologies (such as WhatsApp, Viber, Skype, etc.) that replace traditional voice communication.

As of 2023, 49% of revenue from international roaming was generated from services provided to subscribers of local networks, while 52% came from services provided to subscribers of foreign networks.

Other revenues in the mobile communication sector mainly come from short and multimedia messages (SMS, MMS, CPA).

In the revenue from data transmission (internet), the share of revenue from broadband internet access services (excluding users accessing via mobile phones) is gradually decreasing.

<i>Thousand AMD</i>	2019	2020	2021	2022	2023	H1'2024
Market revenues from data transmission services, of which	32,591,998	33,023,814	35,692,412	37,785,027	39,976,704	20,427,693
Share of broadband internet access services (excluding users via mobile phones)	19%	17%	13%	11%	9%	8%

Company's Mobile Communication Revenues

The growth in revenue from the Company's mobile communication services in recent years is primarily due to the increase in revenue from data exchange (internet) services, which accounted for 55% of the total mobile communication revenue in 2023, and 59% of the total mobile communication revenue in the first half of 2024.

Revenue from voice services, similar to the global trend, is declining, mainly due to the increase in voice transmission volumes over the internet and the widespread adoption of OTT technologies (such as WhatsApp, Viber, Skype) that replace traditional voice communication.

The dynamics of mobile communication revenues are presented in the table below.

<i>Thousand AMD</i>	2019	2020	2021	2022	2023	H1'2024
Revenue from providing mobile communication services, of which	17,784,828	14,811,487	15,526,846	16,112,680	16,630,805	8,126,329

Voice	6,130,266	4,974,505	4,265,245	3,602,086	3,124,909	1,367,626
<i>Share in total revenue</i>	34%	34%	27%	22%	19%	17%
Data transmission	5,969,814	6,229,895	7,243,249	8,216,765	9,124,576	4,793,099
<i>Share in total revenue</i>	34%	42%	47%	51%	55%	59%
Interconnection	3,287,469	2,103,498	2,181,017	2,170,079	1,893,961	861,449
<i>Share in total revenue</i>	18%	14%	14%	13%	11%	11%
International roaming	1,051,789	313,416	799,185	1,049,122	1,257,928	385,522
<i>Share in total revenue</i>	6%	2%	5%	7%	8%	5%
other	1,345,490	1,190,173	1,038,150	1,074,628	1,229,431	718,633
<i>Share in total revenue</i>	8%	8%	7%	7%	7%	9%

In 2020, the decline in mobile communication revenue (as well as the number of subscribers) was primarily due to the negative impact of the COVID-19 pandemic on the economy.

In 2023, mobile communication revenue demonstrated an annual growth rate of 3.9% compared to 2020. During the same period, revenue from data exchange (internet) services grew at an annual rate of 13.6%. The share of revenue from broadband internet access services (excluding users accessing via mobile phones) has been gradually decreasing, making up 4.3% of the revenue group in 2023.

<i>Thousand AMD</i>	2019	2020	2021	2022	2023	H1'2024
Revenues from data transmission services, of which:	5,973,748	6,229,895	7,243,251	8,216,765	9,124,576	4,793,099
Share of broadband internet access services (excluding users via mobile phones)	848,859	740,713	649,389	492,237	396,359	172,529
Services provided through the mobile cellular network (via mobile phones)	5,124,889	5,489,182	6,593,862	7,724,528	8,728,217	4,620,570

3.4.2.3 Competitive Position of the Company in the Mobile network Market

The Company competes in the mobile communication market with Viva and Ucom, holding a stable second place in the market in terms of the number of subscribers and revenue share.

Networks

The distribution of frequency bands by networks and operators is presented in the table below.

Radiofrequency	Mobile network	Used Radio Frequency Bands		
		Telecom Armenia	Ucom	Viva
700 MHz	4G / 5G	2 x 20 MHz	-	-
800 MHz	4G	-	2 x 10 MHz	2 x 20 MHz
900 MHz	2G / 3G	2 x 12.5 MHz	2 x 10 MHz	2 x 12.2 MHz
1800 MHz	4G	2 x 30 MHz	2 x 20 MHz	2 x 25 MHz
2100 MHz	3G	2 x 15 MHz	2 x 15 MHz	2 x 15 MHz
			5 MHz /TDD/	

2600 MHz	4G	-		-
3500 MHz	4G / 5G	-	Yerevan 50 MHz, regions of Armenia 50 MHz, IEEE802.16 standard	-
Overall Allocated Bands		155 MHz	285 MHz	144.4 MHz
			<i>/without 3500 MHz band/</i>	

All three operators provide Armenia’s population with similar levels of access to 2G network. For providing 2G network, all operators use the 900 MHz frequency range.

For 3G network, all three operators use the 2,100 MHz frequency range. Additionally, operators also use the 900 MHz frequency range (upgrading base stations from GSM to UMTS technology), which provides broader coverage for 3G network and higher indoor penetration. The Company’s 3G network coverage is more focused on urban areas compared to its competitors.

Compared to its competitors, the Company’s 4G network coverage is less extensive. This is mainly because competitors use not only the 1,800 MHz frequency but also the 800 MHz (for broader coverage and indoor penetration) and 2,600 MHz (for higher throughput) frequencies. Additionally, the Company has fewer LTE base stations. The Company is continuously updating base stations and building new ones. Currently, the number of base stations featuring 4G technology is 573.

The Company has obtained licenses for the use of frequency bands 703-733 MHz, 758-788 MHz, 791-801 MHz, 832-842 MHz, 1780-1785 MHz, and 1875-1880 MHz, which will enable the development of the 4G network coverage and enhance indoor penetration.

In exchange for the 700 MHz band license, the Company is obligated to deploy 5G mobile broadband networks in Yerevan (including the “Engineering City” area as defined by the Armenian Government Resolution No. 1215-L dated November 1, 2018) within 2 years, and in Gyumri and Vanadzor within 3 years.

At the same time, it should be noted that according to Viva’s announcements, they launched 5G network in the small center of Yerevan and Gyumri in the spring of 2023. Currently, the Company does not see competitive risks, as the deployed 5G network does not yet provide faster data transmission than 4G network, due to the principle of spectrum sharing with the same 1,800 MHz frequency range used by both 5G and 4G (LTE) technologies.

Subscribers

The table below represents the number of mobile subscribers and their distribution between prepaid and postpaid subscriptions for the operators as of December 31, 2023.

	Telecom Armenia	Ucom	Viva
Total mobile communication subscribers	1,044,939	713,151	2,316,656
Prepaid subscribers	856,918	367,980	2,049,133
<i>Share in total subscribers</i>	82%	52%	88%
Postpaid subscribers	188,021	229,876	267,523
<i>Share in total subscribers</i>	18%	32%	12%

In the mobile communications market, the Company has consistently held the second position for years, with a 26% market share.

The table below demonstrates the market shares of mobile subscribers among operators as of December 31, 2023.

	Telecom Armenia	Ucom	Viva
Total mobile communication subscribers	26%	18%	57%
Prepaid subscribers	26%	11%	63%
Postpaid subscribers	27%	34%	39%

The presented market shares have historically (over the last 4 years) remained stable, except for the postpaid subscriber market, where the Company's and Ucom's shares have increased, while Viva's share has decreased.

In the mobile internet market, the Company holds the second position in terms of the number of subscribers. The table below demonstrates the number of mobile internet subscribers by year and their share in the total number of mobile subscribers according to operators.

	2019	2020	2021	2022	2023	H1'2024
Mobile internet subscribers, of which	554,366	557,966	618,206	671,960	743,296	761,137
<i>Share in total subscribers</i>	<i>58.5%</i>	<i>61.7%</i>	<i>67.5%</i>	<i>70.1%</i>	<i>71.1%</i>	<i>72.4%</i>
Excluding users via mobile phone	54,435	55,531	59,284	79,314	82,565	108,347
Users via mobile phone	499,931	502,435	558,922	592,646	660,731	652,790

The Company's number of internet subscribers has shown stable annual growth in recent years.

The following demonstrates the market shares of operators based on the number of mobile internet subscribers as of December 31, 2023.

	Telecom Armenia	Ucom	Viva
Total mobile internet subscribers	23%	19%	58%
except for users via a phone device	32%	45%	23%
users via a phone device	22%	16%	61%

Revenues

In the mobile communications market, the Company holds a stable second position in terms of revenue from core activities (excluding equipment sales), with a 19.3% market share. Historically (over the last three years), the Company's share in mobile communications market revenue has remained at a comparable level.

The following demonstrates the market shares of operators based on mobile communications revenue components as of December 31, 2023.

<i>Thousand AMD</i>	Telecom Armenia	Ucom	Viva
Revenues from mobile services and related activities, of which	19.3%	19.2%	61.5%
Voice	13%	38%	49%

Data transmission	23%	9%	68%
Interconnection	22%	19%	58%
Roaming	32%	28%	40%
Other	12%	10%	78%

The table below represents the historical trends of the components of operators' mobile communications revenues and their market shares.

<i>Thousand AMD</i>		2019	2020	2021	2022	2023	H1'2024
Telecom Armenia	Voice	6,077,053	4,924,717	4,242,339	3,582,236	3,124,909	1,367,626
	<i>Share in total</i>	23%	20%	18%	15%	13%	12%
	Data transmission	5,973,748	6,229,895	7,243,251	8,216,765	9,124,576	4,793,099
	<i>Share in total</i>	18%	19%	20%	22%	23%	23%
	Roaming	1,051,788	313,416	799,187	1,048,452	1,257,928	385,522
	<i>Share in total</i>	27%	18%	34%	36%	32%	25%
	Interconnection	3,287,470	2,103,498	2,141,300	2,170,017	1,893,961	861,449
	<i>Share in total</i>	23%	22%	23%	24%	22%	22%
	Other	1,423,825	1,390,721	1,193,801	1,075,352	1,229,431	718,633
	<i>Share in total</i>	24%	23%	17%	13%	12%	14%
	Total	17,813,884	14,962,247	15,619,878	16,092,822	16,630,805	8,126,329
	<i>Share in total</i>	21%	20%	20%	20%	19.3%	19.1%
Ucom	Voice	6,348,574	6,344,106	6,619,015	7,955,414	9,194,185	4,728,324
	<i>Share in total</i>	24%	26%	28%	34%	38%	41%
	Data transmission	5,753,927	5,165,249	4,566,468	4,008,720	3,643,755	1,704,052
	<i>Share in total</i>	18%	16%	13%	11%	9%	8%
	Roaming	778,441	329,823	587,694	764,790	1,123,475	497,657
	<i>Share in total</i>	20%	19%	25%	26%	28%	32%
	Interconnection	1,675,177	1,324,501	1,622,918	1,760,880	1,641,546	814,402
	<i>Share in total</i>	11%	14%	17%	20%	19%	21%
	Other	697,571	525,237	739,876	663,484	974,216	535,199
	<i>Share in total</i>	12%	9%	10%	8%	10%	10%
	Total	15,253,690	13,688,916	14,135,971	15,153,288	16,577,177	8,279,634
	<i>Share in total</i>	18%	18%	18%	19%	19.2%	19.4%
Viva	Voice	14,424,950	13,268,298	12,648,262	12,058,196	11,621,891	5,368,828
	<i>Share in total</i>	54%	54%	54%	51%	49%	47%
	Data transmission	20,864,323	21,628,670	23,882,693	25,559,542	27,208,373	13,930,542
	<i>Share in total</i>	64%	65%	67%	68%	68%	68%

	Roaming	2,067,075	1,086,042	955,299	1,131,790	1,588,218	675,304
	<i>Share in total</i>	53%	63%	41%	38%	40%	43%
	Interconnection	9,624,959	6,014,473	5,582,643	5,011,347	4,956,805	2,174,064
	<i>Share in total</i>	66%	64%	60%	56%	58%	56%
	Other	3,883,429	4,019,293	5,148,138	6,392,731	7,619,886	4,048,514
	<i>Share in total</i>	65%	68%	73%	79%	78%	76%
	Total	50,864,736	46,016,776	48,217,035	50,153,606	52,995,173	26,197,252
	<i>Share in total</i>	61%	62%	62%	62%	61.5%	61.5%

The Company's share of revenue from data transmission services (internet) in the mobile communications market has historically (over the last three years) demonstrated a continuous growth trend, increasing by 23% in 2024H1 compared to 2023.

Revenue from data transmission services is further divided into income from broadband internet access services (excluding users accessing via phone) and income from services provided through the mobile cellular network (via phone).

The following shows the market shares of operators based on the components of data transmission revenue as of December 31, 2023.

	Telecom Armenia	Ucom	Viva
Revenues from data transmission services, of which	23%	9%	68%
<i>Broadband internet access services (excluding users via mobile phone)</i>	11%	68%	21%
<i>Services provided through the mobile cellular network (via mobile phone)</i>	24%	3%	73%

3.4.2.4 Fixed-Line Market

The fixed-line market can generally be divided into voice and internet service markets.

According to the analytical report of the PSRC on public fixed-line connectivity in the Armenian settlements as of January 1, 2024, there are 200 licensed fixed-line electronic communication operators in Armenia, including 13 operators providing fixed-line telephone services. During 2022, 15 out of 23 licensed operators were granted network licenses for operating public electronic communication networks in regional settlements.

Fixed-line telephone and broadband internet services are provided based on copper wire (xDSL), optical fiber (FTTB/H, FTTx), wired Ethernet, and wireless fixed-line CDMA technologies operating in the 450 MHz frequency range.

Fixed-line telephone services using wireless technologies are available in 996 (99.5%) settlements (out of 1001 settlements in Armenia). This figure was recorded due to the implementation of the Company's licensing obligations for updating telephone services based on CDMA wireless technology in the Armenian regions.

As of January 1, 2023, fixed-line telephone services using wired technologies are available in 458 (45.7%) settlements.

The distribution of fixed-line telephone service availability based on wireless and wired technologies by operator is as follows:

- Wired technology: 177 settlements with 1 operator, 8 settlements with 2 operators, and 48 settlements with 3 or more operators.
- Wireless technology: 994 settlements with 1 operator (Telecom Armenia).

Fixed-line broadband internet services using wireless technologies and wired technologies are available in 996 (99.5%) settlements, and 698 (69.7%) settlements, respectively, which represents an increase of approximately 11.1% (70 settlements) compared to the previous year. Among these, optical fiber networks based on FTTx technology are available in 666 settlements (66.5%), representing an increase of more than 17.9% (101 settlements) compared to the previous year.

The distribution of fixed-line broadband internet service availability based on wireless and wired technologies by operator is as follows:

- Wired technology: 252 settlements with 1 operator, 204 settlements with 2 operators, and 242 settlements with 3 or more operators (an increase of 32.2%, or 59 settlements, compared to the previous year).
- Wireless technology: 424 settlements with 1 operator, 285 settlements with 2 operators, and 285 settlements with 3 or more operators.

The leading three operators in the fixed-line market are Telecom Armenia, Ucom, and OVIO.

Subscribers

The fixed-line voice services market is in a decline phase, primarily due to the migration of traffic from fixed-line to mobile services and the expanding availability of OTT voice platforms. Below is the dynamic of fixed-line telephone subscribers by year.

As of December 31, 2023, 86% of fixed-line telephone subscribers are residential subscribers.

As of December 31, 2023, the total number of subscribers using voice services from the top 3 companies was 248,410, and by June 30, 2024, it had decreased to 225,970.

The fixed-line internet market demonstrates a growth trend. As of December 31, 2023, the number of subscribers with fixed broadband access was 545,876, which represents a 6.9% increase compared to the previous year. Below is the dynamic of fixed broadband access subscribers by year.

	2019	2020	2021	2022	2023	2024 H1
Fixed broadband access subscribers	385,704	430,407	466,621	510,781	545,876	579,082
<i>Share of households</i>	47%	49%	52%	57%	61%	64%

The number of subscribers connected via xDSL technology in the fixed-line broadband market is gradually decreasing, which is attributed to the growing availability of newer technologies (optical fiber networks)

for fixed-line internet. As of June 30, 2024, the number of subscribers connected via xDSL technology was 47,023, thus decreasing by 7.5% compared to 2023. In contrast, the number of subscribers connected via optical fiber networks (FTTx) as of June 30, 2024, was 493,184 representing a 8.5% increase compared to 2023.

Below is the distribution of subscribers in the fixed-line broadband internet market by technology, as demonstrated in the table.

	2019	2020	2021	2022	2023	H1 2024
Fixed broadband internet access subscribers, of which	385,704	430,407	466,621	510,781	545,876	579,082
xDSL technology	92,897	85,107	74,818	61,932	50,856	47,023
<i>share in total</i>	24%	20%	16%	12%	9%	8%
Fiber-optic network (FTTx)	226,298	264,211	309,196	401,292	454,613	493,184
<i>share in total</i>	59%	61%	66%	79%	83%	85%
Ethernet wired network (ETTH), EuroDOCSIS	40,099	53,005	59,221	22,250	17,824	17,769
<i>share in total</i>	10%	12%	13%	4%	3%	3%
Wi-MAX (IEEE 802.11) fixed wireless network	23,928	26,672	22,598	24,900	22,277	20,891
<i>share in total</i>	6%	6%	5%	5%	4%	4%
450 MHz broadband wireless network	2,459	1,389	765	401	300	209
<i>share in total</i>	1%	0%	0%	0%	0%	0%
Other	23	23	6	130	6	6
<i>share in total</i>	0%	0%	0%	0%	0%	0%

Below is the table demonstrating the annual growth rates of subscribers using xDSL technology and optical fiber networks (FTTx).

	2019	2020	2021	2022	2023	H1 2024
Subscribers using xDSL technology	92,897	85,107	74,818	61,932	50,856	47,023
<i>annual growth rate</i>	-11%	-8%	-12%	-17%	-18%	-8%
Subscribers using fiber-optic network (FTTx)	226,298	264,211	309,196	401,292	454,613	493,184
<i>annual growth rate</i>	19%	17%	17%	30%	13%	8%

The market share of subscribers using internet services from the top 3 companies has decreased. As of December 31, 2023, their total number is 295,401 (54% of total fixed-line internet subscribers), compared to 283,296 (55% of total fixed-line internet subscribers) in 2022.

Fixed-Line Market Revenues

The total revenue from the fixed-line market (for the 3 operators) in 2023 was AMD 36 billion. The share of revenue from internet access services in the total revenue of fixed-line communications is increasing, reaching 64% in 2023.

<i>Thousand AMD</i>	2019	2020	2021	2022	2023	H1'2024
revenues from fixed-line services, of which	36,092,855	34,761,883	34,239,734	36,247,684	35,961,983	19,183,143
Voice	6,468,282	5,650,151	5,009,696	4,444,061	3,926,734	1,797,160
<i>Share in total revenue</i>	18%	16%	15%	12%	11%	9%
Internet access	18,890,795	18,664,192	19,221,508	20,654,022	23,017,810	12,044,417
<i>Share in total revenue</i>	52%	54%	56%	57%	64%	63%
other	281,020	231,498	213,145	172,239	229,776	186,483
<i>Share in total revenue</i>	1%	1%	1%	1%	1%	1%
interconnection and lease of communication channels	10,452,758	10,216,042	9,795,385	10,977,362	8,787,662	5,155,083
<i>Share in total revenue</i>	29%	29%	29%	30%	24%	27%

Fixed-Line Market Revenues

Revenue from voice services has decreased, following market trends. It is notable that 88% of the revenue from voice services is attributed to the Company.

Revenue from internet access services has demonstrated consistent growth in recent years, increasing by 11.4% in 2023.

Company's Fixed-Line Revenue

The Company's revenue from fixed-line services has increased in recent years, mainly due to the growth in revenue from transit services. This revenue segment accounted for 31% of the total fixed-line revenue in 2023, reflecting an 11-percentage point increase compared to 2021. The largest share of total fixed-line revenue is attributed to internet services, amounting to approximately 42%.

Revenue from voice services demonstrates a downward trend in the market, primarily due to the growth of data exchange services (internet), migration of fixed-line voice services to mobile services, the widespread use of OTT technologies (such as WhatsApp, Viber, Skype) that replace voice communication, and the replacement of voice services with mobile internet. The dynamics of fixed-line revenue are presented in the table below.

<i>Thousand AMD</i>	2019	2020	2021	2022	2023	H1'2024
Revenues from fixed-line services, of which	13,005,449	12,269,755	13,697,593	14,670,395	12,555,615	6,914,001
Voice	5,939,252	5,155,973	4,535,851	3,973,924	3,599,158	1,797,160
<i>Share in total revenue</i>	46%	42%	33%	27%	27%	26%
Internet access	4,910,311	4,828,506	4,862,717	4,915,014	5,289,503	2,814,961
<i>Share in total revenue</i>	38%	39%	36%	34%	42%	41%
Transit	929,144	985,260	2,732,522	4,479,964	2,381,734	1,631,044
<i>Share in total revenue</i>	7%	8%	20%	31%	20%	24%
Interconnection	510,454	280,641	199,799	171,359	117,359	46,334
<i>Share in total revenue</i>	4%	2%	1%	1%	1%	1%
other	716,288	1,019,375	1,366,704	1,130,134	1,167,861	624,501
<i>Share in total revenue</i>	6%	8%	10%	8%	10%	9%

In 2023, revenue from fixed-line services demonstrated a growth rate of 3% compared to 2020. During the same period, revenue from internet services grew at 10%, while revenue from transit services saw a remarkable growth rate of 156%.

The triple-digit growth in revenue from transit services is attributed to the fact that, starting from 2021, the Company began providing international IP transit services. The dynamics of revenue from international IP transit services are presented below.

<i>Thousand AMD</i>	2019	2020	2021	2022	2023	2024 H1
Revenues from transit services, of which	929,144	985,260	2,732,522	4,479,964	2,381,734	1,631,044
International IP Transit	-	-	1,743,188	3,497,018	1,691,770	1,141,731
Other	929,144	985,260	989,334	982,946	828,993	489,313

Revenue from ADSL technology internet services demonstrates a declining trend, which is attributed to the migration of subscribers from outdated copper wire internet to optical fiber network internet services. As a result, in 2022, revenue from ADSL technology internet services decreased by 25% compared to 2021.

Since 2021, the Company has begun providing high-speed internet services based on advanced optical fiber networks (FTTH). The Company aims to increase the share of revenue from FTTH technology internet services to 50% by 2025.

3.4.2.4.1 Company's Competitive Position in the Fixed-Line Market

The main competitors of the Company in the fixed-line market are Ucom and OVIO.

Networks

Ucom and OVIO offer fixed-line internet based on fiber optic networks in the fixed-line internet market. The Company has operated the national public telephone network (PSTN) of Armenia since its establishment and controls the infrastructure of underground ducts and overhead poles. This provides the Company with a good opportunity for network construction, development, and maintenance.

In 2008, the Company successfully developed its fixed-line internet business by offering broadband internet based on an ADSL copper wire network. In 2009, Ucom was the first in the market to offer FTTH internet services.

In 2012, the Company offered broadband internet services through an FTTB network. That same year, Rostelecom (i.e. OVIO) began offering FTTH internet services in the fixed-line market.

In 2018, the Company introduced internet services through a VDSL fiber optic network.

In 2021, the Company started offering internet services through FTTH network. Notably, the Company's FTTH network is based on a unique 25XGS-PON technology in the region, which provides a speed of 25 Gbps compared to the 1 Gbps provided by the GPON networks available in the Armenian market.

Overall, competitor operators' fiber optic networks (FTTB, FTTH) are available in more settlements/populations, due to these technologies being introduced to the market earlier by them.

All three operators' internet services are provided through international connections (the Company has two physically and geographically separate connections to Russia and Europe, while Rostelecom (i.e. OVIO) has three physically and geographically separate connections to Russia and Europe).

The three operators own and operate their own fiber optic networks, allowing them to conduct wholesale internet sales. Ucom began providing transit internet to the Middle East in 2011. The Company started offering transit internet services from 2021.

In the fixed-line telephony market, all three operators provide services based on VoIP technology. The Company also offers voice services using PSTN, ISDN, and CDMA technologies.

IPTV services are provided by all three operators.

Subscribers

Historically, the market leader in terms of the number of Fixed-Line Subscribers is the Company, primarily due to its historically dominant position in the fixed-line telephony market.

The table below demonstrates the number of Fixed-Line Subscribers for each operator as of December 31, 2023.

	Telecom Armenia	Ucom	OVIO
Total Fixed-Line Subscribers, of which	296,448	136,768	68,639
user of voice services	201,676	32,620	14,114
<i>share in total subscribers</i>	<i>68%</i>	<i>24%</i>	<i>21%</i>
user of internet services	94,772	133,713	66,916
<i>share in total subscribers</i>	<i>32%</i>	<i>98%</i>	<i>97%</i>

The majority (about 97%) of Fixed-Line Subscribers of Ucom and OVIO are subscribers using internet access services, while in the Company's Fixed-Line Subscribers, the majority are subscribers using voice services.

The table below presents the dynamics of the number of fixed-line subscribers for each operator and their market share over the years.

		2019	2020	2021	2022	2023	H1'2024
Telecom Armenia	Voice	337,790	300,163	268,844	234,000	201,676	185,982
	<i>Share in total</i>	<i>81%</i>	<i>80%</i>	<i>78%</i>	<i>80%</i>	<i>81%</i>	<i>82%</i>
	Internet	110,201	105,810	99,515	92,907	94,772	96,897
	<i>Share in total</i>	<i>40%</i>	<i>39%</i>	<i>36%</i>	<i>33%</i>	<i>32.1%</i>	<i>32.3%</i>
	Total	447,991	405,973	368,359	326,907	296,448	282,879
	<i>Share in total</i>	<i>71%</i>	<i>70%</i>	<i>67%</i>	<i>62%</i>	<i>59%</i>	<i>58%</i>
Ucom	Voice	59,149	57,791	59,462	42,628	32,620	27,403

	<i>Share in total</i>	14%	15%	17%	15%	13%	12%
	Internet	111,939	109,102	111,873	126,135	133,713	136,160
	<i>Share in total</i>	40%	40%	41%	45%	45%	45%
	Total	122,143	117,465	118,625	130,327	136,768	140,255
	<i>Share in total</i>	19%	20%	22%	24%	27%	29%
OVIO	Voice	18,273	17,729	16,521	14,640	14,114	12,585
	<i>Share in total</i>	4%	5%	5%	5%	6%	6%
	Internet	55,211	58,493	61,399	64,254	66,916	66,558
	<i>Share in total</i>	20%	21%	23%	23%	23%	22%
	Total	57,380	60,460	63,385	66,161	68,639	68,041
	<i>Share in total</i>	9%	10%	12%	13%	14%	14%

The Company is the market leader in terms of the number of voice subscribers, with an 82% market share.

The Company's current market share has historically (over the last 4 years) remained relatively stable.

The Company ranks second in terms of internet subscribers, with a 32.3% market share.

The number of voice service subscribers for all three operators has decreased, reflecting a trend consistent with the voice market.

Revenues

As of December 31, 2023, the Company ranks second in the fixed-line market in terms of revenue, with a 35% market share.

The table below demonstrates the market shares of operators by fixed-line revenue components as of December 31, 2023.

<i>Thousand AMD</i>	Telecom Armenia	Ucom	OVIO
Revenues from fixed-line services, of which	35%	41%	23%
Voice	87%	8%	5%
Internet	23%	53%	23%
other	17%	35%	48%
interconnection and lease of communication channels	44%	25%	31%

The Company is the market leader in terms of revenue from voice services and leased lines and connections, with market shares of 87% and 44%, respectively. Ucom leads the market in internet service revenue with a 53% market share, while the Company and OVIO share the second position with 23% market shares each.

Historically (over the past 4 years), the market shares of operators in fixed-line voice and internet service revenues have remained relatively stable. However, the situation is different for revenue from leased lines and connections, where Ucom has ceded its leading position to the Company. This change is due to the Company starting to offer IP transit services to international operators from 2021.

The table below demonstrates the historical trends of operators' fixed-line revenue components and their market shares.

Thousand AMD		2019	2020	2021	2022	2023	H1'2024
Telecom Armenia	Voice	5,787,776	5,040,347	4,433,263	3,903,444	3,418,651	1,545,579
	Share in total	89%	89%	88%	88%	87%	86%
	Internet	4,929,079	4,829,106	4,946,649	4,926,637	5,297,438	2,814,961
	Share in total	26%	26%	26%	24%	23%	23%
	Interconnection	2,136,500	2,283,739	4,253,404	5,767,470	3,849,676	2,539,498
	Share in total	20%	22%	43%	53%	44%	49%
	Total	13,005,902	12,269,564	13,736,518	14,662,794	12,605,948	6,914,001
Share in total	36%	35%	40%	40%	35%	36%	
Ucom	Voice	499,360	417,436	379,762	340,991	310,904	152,900
	Share in total	8%	7%	8%	8%	8%	9%
	Internet	9,729,413	9,521,727	9,460,219	10,694,412	12,312,654	6,446,662
	Share in total	52%	51%	49%	52%	53%	54%
	Interconnection	6,408,028	5,720,498	3,092,257	2,820,589	2,206,224	1,185,137
	Share in total	61%	56%	32%	26%	25%	23%
	Total	16,762,792	15,772,398	13,038,858	13,949,003	14,909,614	7,824,404
Share in total	46%	45%	38%	38%	41%	41%	
OVIO	Voice	181,146	192,368	196,671	199,626	197,179	98,681
	Share in total	3%	3%	4%	4%	5%	5%
	Internet	4,232,303	4,313,359	4,814,640	5,032,973	5,407,718	2,782,794
	Share in total	22%	23%	25%	24%	23%	23%
	Interconnection	1,908,230	2,211,805	2,449,724	2,389,303	2,731,762	1,430,448
	Share in total	18%	22%	25%	22%	31%	28%
	Total	6,324,161	6,719,921	7,464,358	7,635,887	8,446,421	4,444,738
Share in total	18%	19%	22%	21%	23%	23%	

3.4.2.5 Company's Strengths

The Company's main strengths are:

- **Strengthening Market Position in Mobile Communications**

The Company is steadily strengthening its position in the mobile communications market by expanding broadband internet coverage and network availability. In recent years, the Company has undertaken projects to upgrade radio access network base stations (transition to UMTS and LTE technologies) while also constructing new base stations. Additionally, the Company has obtained new radio frequency usage permits, which will further expand broadband internet coverage and support the rollout of 5G technology in the coming years.

- **Control over National Public Electronic Network Infrastructure**

As the successor to Armenia’s national public telephone network (PSTN), the Company controls the infrastructure of underground ducts and overhead poles, which provides a basis for the deployment of FTTH services based on the high-speed 25G-PON technology. The underground duct infrastructure consists of 2,722 km of ducts (1,982 km in Yerevan and 740 km in the regions) and 25,393 manholes (12,138 in Yerevan and 13,255 in the regions). In areas without underground ducts, the network is supported by 60,342 overhead poles (11,386 in Yerevan and 48,956 in the regions). The Company has already upgraded 25% of its fixed optical fiber network to NGN, enabling it to offer FTTH services with speeds up to 1 Gbps. During 2023-2024, the Company increased the number of households accessible by its high-speed FTTH network by over 170,000. During the same period, the number of FTTH subscribers grew approximately fivefold, reaching 30,156. Additionally, the continuous growth in the capacity of the Company’s DWDM network allows for the development of data transmission business with international partners.

- **Offering Convergent Packages of Fixed and Mobile Communication Services**

The Company’s technical capabilities, expanding network coverage, and diverse service offerings enable it to provide a wide range of services at competitive prices. Offering multiple services (including through convergent packages) is a central component of the Company’s strategy. It helps attract new customers and increase customer loyalty by providing cost-effective multi-service options.

- **Experienced Management Team and Proven Operational Expertise**

The Company’s management bodies consist of professionals with over 10 years of industry experience. Notably, Hayk Yesayan and Aleksandr Yesayan are co-founders of another telecommunications company, Ucom, and until April 14, 2020, Hayk Yesayan was the CEO of Ucom. Under their management, Ucom became a leader in both fixed and mobile communication markets. By 2019, Ucom was the leader in the fixed-line internet market by the number of subscribers, and it was also a leader in mobile broadband internet services (excluding users accessing via phones) by the number of subscribers in the same year. The collective industry knowledge and leadership skills of the management team will continue to enable the successful implementation of the Company’s strategy.

3.4.3 Regulation and Oversight of the Sector

The scope and nature of the Company’s activities, its scale, the number of external/internal stakeholders, as well as other similar factors and circumstances, trigger the need for a multi-layered and diverse set of legislative regulations governing the Company’s operations. This Section provides a NON-exhaustive and NON-comprehensive introduction to general concepts regarding the regulation and oversight of the Company’s activities.

3.4.3.1 Legislative Framework

The regulatory framework applicable to the Company’s sectoral activities as an electronic communications service provider includes (the list is not exhaustive and is provided for a general understanding):

3.4.3.1.1 Applicable Law

- Law on Electronic Communications of Armenia (HO-176-N, adopted on July 8, 2005);
- Law on Public Services Regulatory Authority of Armenia (HO-18-N, adopted on December 25, 2003);
- Law on Mandatory Fees for Public Services Regulation of Armenia (HO-366-N, adopted on November 18, 2021);
- Law on Audiovisual Media of Armenia (HO-395-N, adopted July 16, 2020).

3.4.3.1.2 Resolutions of the Armenian Government

- **Resolution No. 1442-N (2012):** On the procedure for the operation and management of electronic communication networks, using electronic communication networks and line infrastructures and allocating additional connection lines during emergency situations, state of emergency, and martial law.
- **Resolution No. 1069-N (2016):** On approving the minimum requirements for the process of procurement of “internet connection provision” service by state authorities.
- **Resolution No. 346-N (2017):** On setting the procedure for notifying and informing state and local self-government bodies, organizations, and the public in the event of emergencies or threats of emergencies, an armed attack or immediate danger of an armed attack, or declaration of war, and during martial law and declaring several Resolutions of the Republic of Armenia’s Government null and void.
- **Resolution No. 596-N (2015):** On approving the procedure for issuing permits and other documents for construction purposes in the Republic of Armenia and declaring several Resolutions of the Republic of Armenia’s Government null and void.

3.4.3.1.3 Decisions of the PSRC

- **Decision No. 341-N (2007):** On approving the amended version of License No. 60 issued to Armentel CJSC.
- **Decision No. 272-N (2013):** On approving the licensing procedure for public electronic communication networks.
- **Decisions on Radio Frequency Usage Permits:**
 - For radio relay stations:
 - No. 330-A (17.08.2007) (<https://www.psrc.am/contents/document/1408>)
 - No. 651-A (14.12.2007) (<https://www.psrc.am/contents/document/1788>)
 - No. 69-A (01.03.2023) (<https://www.psrc.am/contents/document/11133>)
 - For mobile cellular base stations:
 - No. 187-A (20.04.2007) (<https://www.psrc.am/contents/document/1623>)
 - No. 391-A (01.10.2007) (<https://www.psrc.am/contents/document/1490>)
 - No. 563-A (27.10.2010) (<https://www.psrc.am/contents/document/3977>)
 - No. 207-A (27.04.2011) (<https://www.psrc.am/contents/document/4236>)
 - No. 79-A (10.03.2023) (<https://www.psrc.am/contents/document/11143>)
 - No. 88-A (22.03.2023) (<https://www.psrc.am/contents/document/11154>)
 - For wireless fixed-line services:
 - No. 202-A (15.09.2006) (<https://www.psrc.am/contents/document/867>)
- **Decision No. 683-A (2007):** On issuing a permit to Armentel CJSC for the use of numbering (<https://www.psrc.am/contents/document/1910>).
- **Decision No. 235-N (2014):** On approving the rules for allocating and using numbering and code occupancy permits (<https://www.psrc.am/contents/document/6296>).
- **Decision No. 414-N (2011):** On approving the rules for granting rental of public fixed-line telephone network pipelines by operators occupying a dominant position in fixed-line telephone

network operation to other operators and setting the tariffs of rental (<https://www.psrc.am/contents/document/4371>).

- **Decision No. 210-N (2012):** On setting the procedure for occupying special service or service 1xx codes (<https://www.psrc.am/contents/document/5284>).
- **Decision No. 56-N (2022):** On setting the procedure for coordinating the transfer of oversight over regulated entities in the sector of electronic communications (<https://www.psrc.am/contents/document/9770>).
- **Decision No. 344-A (2007):** On the model offer for interconnection of public electronic communication network of Armentel CJSC and public electronic communication network of other operators (<https://www.psrc.am/contents/document/1512>).
- **Decision No. 26-A (2010):** On the model offer for interconnection of public electronic communication network of Armentel CJSC and public electronic communication network of operators using numbers under non-geographic principle (<https://www.psrc.am/contents/document/3201>).
- **Decision No. 574-N (2022):** On setting the rules for calculating and applying charges (rates) for interconnection services between public electronic communication networks (<https://www.psrc.am/contents/document/11054>).
- **Decision No. 661-N (2008):** On approving the rules for providing international roaming services in public mobile cellular communications (<https://www.psrc.am/contents/document/2757>).
- **Decision No. 251-N (2013):** On approving the rules for number portability services in public electronic communication mobile networks, (<https://www.psrc.am/contents/document/5829>).
- **Decision No. 529-A (2007):** On approving the procedure for applying lower tariffs than the maximum tariffs for regulated public electronic communication services by Armentel CJSC (<https://www.psrc.am/contents/document/1851>).
- **Decision No. 273-A (2008):** On approving the list of public electronic communication services subject to tariff regulation by Armentel CJSC (<https://www.psrc.am/contents/document/2199>).
- **Decision No. 340-N (2007):** On setting the tariffs for services provided by Armentel CJSC (<https://www.psrc.am/contents/document/1506>).
- **Decision No. 530-N (2007):** On setting the maximum tariffs for separate services provided by Armentel CJSC (<https://www.psrc.am/contents/document/1852>).
- **Decision No. 483-A (2011):** On setting alternative tariff packages for public electronic communication network fixed-line services provided by Armentel CJSC (<https://www.psrc.am/contents/document/4440>).
- **Decision No. 47-A (2016):** On setting “E1 Alternative” tariff package for services provided by Armentel CJSC through E1 2048 KBIT/second line (<https://www.psrc.am/contents/document/6925>).
- **Decision No. 374-A (2018):** On setting “Business 4900”, “Business 6900”, and “Business 9900” alternative tariff packages for public electronic communication network fixed-line of Veon Armenia CJSC (<https://www.psrc.am/contents/document/8420>).
- **Decision No. 259-N (2013):** On classifying of public electronic communication network services and setting public electronic communication network markets (<https://www.psrc.am/contents/document/5837>).
- **Decision No. 506-A (2008):** On declaring Veon Armenia CJSC as operator with dominant position in the market (<https://www.psrc.am/contents/document/2339>).
- **Decision No. 238-A (2019):** On declaring Armentel CJSC as operator with dominant position in the wholesale market of fixed-line communications (<https://www.psrc.am/contents/document/9570>).
- **Decision No. 114-A (2019):** On declaring Veon Armenia CJSC as operator with dominant position in the wholesale market of mobile communications (<https://www.psrc.am/contents/document/9140>).

- **Decision No. 261-N (2017):** On providing detailed information about incoming and outgoing calls and short messages by public electronic communication network operators to subscribers (<https://www.psrc.am/contents/document/7860>).
- **Decision No. 272-N (2008):** On approving the rules for providing phone services and using phone services (<https://www.psrc.am/contents/document/2198>).
- **Decision No. 391-N (2022):** On setting the standards for public electronic communication mobile network coverage (<https://www.psrc.am/contents/document/10863>).
- **Decision No. 471-N (2008):** On setting the procedure for publication of tariffs and conditions for data transmission and internet access services (<https://www.psrc.am/contents/document/2261>).
- **Decision No. 127-A (2007):** On approving the list of customer service operational offices of Armentel and Q-Telecom CJS companies (<https://www.psrc.am/contents/document/1338>).
- **Decision No. 465-N (2021):** On preventing unauthorized calls via public electronic communication networks (<https://www.psrc.am/contents/document/8744>).
- **Decision No. 12-N (2009):** On setting the procedure for international call termination (<https://www.psrc.am/contents/document/2237>).
- **Decision No. 122-N (2016):** On coordinating geographical routes of international links and data flows (<https://www.psrc.am/contents/document/7030>).
- **Decision No. 32-N (2015):** On approving the rules for providing outgoing voice services via public electronic communication fixed-line networks by other regulated entities (<https://www.psrc.am/contents/document/6680>).
- **Decision No. 578-N (2017):** On notifying and informing by operators of public electronic communication mobile networks in the event of emergencies or threats of emergencies, an armed attack or immediate danger of an armed attack, or declaration of war, and during martial law (<https://www.psrc.am/contents/document/7996>).

3.4.3.1.4 Decisions of the Television and Radio Commission

- **Decision No. 56-A (2021):** On granting a license for network operator activities to Telecom Armenia CJSC.
- **Decision No. 203-A (2021):** On granting permission to conduct non-linear audiovisual information broadcasting activities.

3.4.3.1.5 Primary Legislative Framework Regulating Competitive Activities of the Company (the list is not exhaustive and is provided for general understanding only):

- Law on Protection of Economic Competition of Armenia (HO-112, adopted on November 6, 2000)
- Law on Electronic Communications of Armenia (HO-176-N, adopted on July 8, 2005)
- Law on Public Services Regulatory Authority of Armenia (HO-18-N, adopted on December 25, 2003)

3.4.3.1.6 Primary Legislative Framework Regulating the Company's Activities as an Issuer of Securities in a Regulated Market (the list is not exhaustive and is provided for general understanding):

- Securities Market Law (HO-195-N, adopted on October 11, 2007)
- CBA Regulation 4/04 (No. 68-N, adopted on March 11, 2008)
- Stock Exchange Rules

3.4.3.2 Regulatory Oversight

Ministry of High-Technological Industry: The ministry's functions include:

- developing and implementing policies for the development of the electronic communications sector;
- defining the objectives for universal service provision in Armenia;
- allocating radio frequencies;
- assuming responsibility for the operation and management of all electronic communications networks or services, or any of them, in case of declared emergencies, martial law, or other national emergencies;
- implementing obligations related to the electronic communications sector under international agreements involving Armenia;
- representing Armenia in the International Telecommunication Union and other international telecommunication organizations;
- developing standards (including radio frequency allocations and network compatibility) in consultation with the PSRC, among other tasks.

PSRC: The commission is an independent state body aimed at balancing the interests of consumers and regulated entities in accordance with sectoral strategic policies. It works to create uniform conditions for regulated entities, promote the formation and development of competitive markets, and encourage the efficient use of resources. The commission is responsible for:

- classifying services and infrastructure preventing any distortion of competition in electronic communications service provision and network sectors;
- regulating public electronic communication networks and services;
- approving Armenia's numbering plan and providing short numbers and codes, both individually and in batches, without discrimination;
- developing regulations for network interconnection;
- monitoring and auditing the activities of regulated entities;
- approving model interconnection offers;
- establishing rules for number portability services, among other duties.

Television and Radio Commission: This independent state body ensures the freedom, independence, and diversity of broadcast media and supervises the activities of broadcasters, operators, and audiovisual program distributors. The Television and Radio Commission's powers include:

- licensing network operators;
- monitoring compliance with licensing conditions and legal requirements;
- checking compliance with legislation and licensing requirements through selective viewing of audiovisual program recordings and audio recordings;
- overseeing the compliance of audiovisual programs with technical standards set by Government resolutions, among other responsibilities.

Competition Protection Commission (CPC): Within its jurisdiction, the CPC investigates, either on its own initiative or based on a complaint, the actions or behaviors of economic entities, including telecommunications operators, that may prevent, restrict, or prohibit free economic competition or harm consumer interests. In the public services sector, the Commission performs its competition oversight functions based on the principle of cooperation with the PSRC.

3.5 Issuer’s Structure

3.5.1 Group Structure

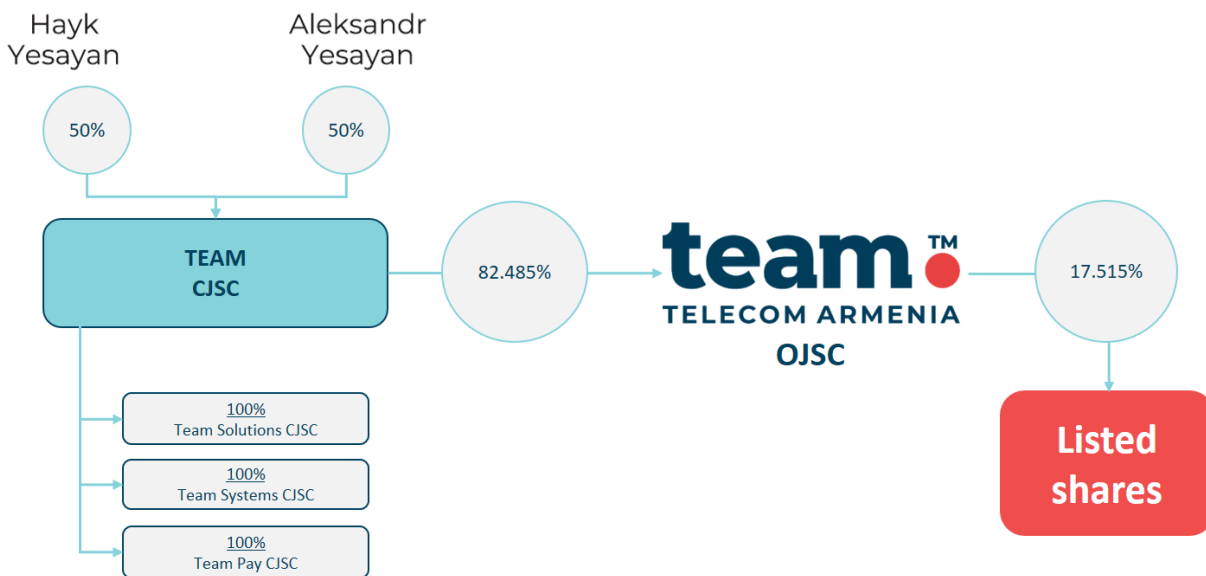
The Company, together with its Main Shareholder and the Subsidiaries of the Main Shareholder, namely “Team Solutions” CJSC, “Team Pay” CJSC, and “Team Systems” CJSC, forms the Group. Each of the Ultimate Beneficiaries of the Group own 50% of the shares of the Main Shareholder.

The Company changed its legal form on April 11, 2023, from a closed joint-stock company to an open joint-stock company. One of the purposes of this reorganization was to conduct an initial public offering of shares.

Telecom Armenia became the first company in the telecommunications sector in Armenia to list its shares on the Stock Exchange through an initial public offering. A total of 40 million shares worth AMD 8.24 billion were placed.

Approximately 1000 individuals and legal entities became shareholders of the Company, with significant investments made by institutional investors.

Below is the schematic structure of the Group.



The sole shareholder of Class “B” Common Shares has 10 votes per share (97.92% of total voting rights). The shareholders of Class “A” Common Shares have 1 vote per share (2.08% of total voting rights).

3.5.1.1 “Team” CJSC

“Team” CJSC operates in the telecommunications sector based on the following licenses:

1. **License for Use and Operation of Public Electrical Communication Networks:** License No. 1324 issued by the PSRC.

“Team” CJSC provides international IP transit services under this license.

2. **License for Television Network Operator Activities:** License No. 281 issued by the Television and Radio Commission.

The Issuer retransmits television channels (audio-visual programs) in the framework of television services, and the content of the video library.

3.5.1.2 “Team Solutions” CJSC

“Team Solutions” CJSC is a software development company focused on e-government and enterprise solutions aimed at enhancing business productivity, automating processes to reduce operational costs, and improving customer experience.

3.5.1.3 “Team Pay” CJSC

“Team Pay” CJSC obtained Payment Organization License No. 26 on November 23, 2021. It conducts money transfers, processing, and clearing of payment instruments and payment documents.

3.5.1.4 “Team Systems” CJSC

“Team Systems” CJSC is engaged in the wholesale trade of electronic and telecommunication equipment and its components.

3.6 Principal Assets of the Issuer

The residual value of the Issuer's principal assets as of December 31, 2023, is presented in the table below:

	Net Book Value (thousand AMD)
Buildings, land, and structures	2,624,416
Transmission equipment	5,906,252
Equipment	9,445,443
Vehicles	452,676
Tools and accessories	866,467
Construction in progress	5,654,560
Total	24,949,814

As of the date of this report, the Company owns 204 real estate properties in Yerevan (with a total area of 54,957.19 sq.m) and in the regions (with a total area of 104,043.4 sq.m). Below are the addresses of the largest properties.

1. Armenia, Yerevan, Kanaker-Zeytun, Azatutyan Avenue 24/1
2. Armenia, Armavir Province, Vagharshapat, Surb M. Mashtots Street, Building 4
3. Armenia, Yerevan, Malatia-Sebastia, V. Vanthyan Street 1

4. Armenia, Yerevan, Kentron, E. Charents Street, Building 76, Building 2
5. Armenia, Yerevan, Kentron, E. Charents Street, Building 76, Building 1
6. Armenia, Yerevan, Malatia-Sebastia, Ohanyan Street 50/3
7. Armenia, Yerevan, Avan, Acharian Street 20
8. Armenia, Yerevan, Shengavit, Frunze Street 20
9. Armenia, Yerevan, Davtashen, Davtashen 3rd District, 25/1
10. Armenia, Yerevan, Ajapnyak, Bashinjaghyan Street 177, AHK-34/35
11. Armenia, Shirak Province, Gyumri, Gorky Street 65
12. Armenia, Yerevan, Shengavit, H. Hovsepyan Street 15, Administrative Building
13. Armenia, Yerevan, Norq-Marash, Norq 5th Street 19
14. Armenia, Lori Province, Vanadzor, Tigran Mets Avenue 18/1-2, Administrative Building
15. Armenia, Yerevan, Kentron, E. Charents Street 76/11
16. Armenia, Yerevan, Nor-Nork, A. Mikoyan Street 15/3
17. Armenia, Yerevan, Nor-Nork, S. Safaryan Street 5
18. Armenia, Yerevan, Kentron, E. Charents Street 76/10
19. Armenia, Kotayk Province, Jrvezh Village, Jrvezh 3rd Field No. 1/6, Orbita-2
20. Armenia, Yerevan, Arabkir, Tbilisi Highway 35

As of December 31, 2023, the Company's fixed assets, with a net book value of AMD 5,348,637 thousand, are pledged against the Company's obligations under the Senior Term Loans. As of the same date, the market value of the pledged fixed assets was over AMD 45.5 billion.

As a result of refinancing all pledges will be released.

The Company rents various offices and technical spaces for its operations. As of December 31, 2023, the net book value of the Company's leased assets (in the form of right-of-use assets) amounted to AMD 5.56 billion.

As of December 31, 2023, the total capital expenditures on leased properties amounted to approximately AMD 1.6 billion.

The Issuer operates in the telecommunications sector, which requires substantial and ongoing capital investments to maintain service quality, implement and apply new technologies, and expand service offerings. The Company plans to finance the acquisition of principal assets through both its own funds and borrowed funds.

In the Issuer's opinion, the condition of the Company's principal assets is adequate for the uninterrupted conduct of current operations.

3.7 Recent Development Trends

Mobile Communications Services

As of December 31, 2023, the Company's revenue from mobile communications services (excluding revenue from the sale of subscriber equipment and accessories) amounted to AMD 16.6 billion, reflecting an 3% increase compared to the same period of the last year. Revenue from data transmission services saw a 11% increase over the same period.

By December 31, 2023, the total number of the Company's mobile communications subscribers was 1,044,939, which is a 9% increase compared to the same period of the last year.

Fixed-Line Services

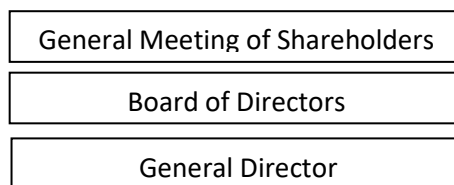
As of December 31, 2023, the Company's revenue from fixed-line services (excluding revenue from the sale of subscriber equipment and accessories) was AMD 12.6 billion, a 14% decrease compared to the end of last year. However, revenue from internet services increased by 8% compared to the same period of the last year.

By the end of 2023, the total number of Fixed-Line Subscribers was 294,448, a decrease of 9% compared to the same period of the last year, primarily due to a reduction in the number of subscribers using voice services (approximately 14%).

It is worth noting that by the end of 2023, the number of FTTH subscribers was 8,653, representing a 29% increase compared to the end of 2022.

3.8 Management Bodies and Members

3.8.1 Schematic Structure of the Management Bodies



The management bodies of the Issuer are the General Meeting, the Board, and the General Director.

The highest management body of the Issuer is the General Meeting. The annual General Meeting of the Company shall be convened within 6 months after the end of the previous Financial Year. The period between annual General Meetings shall not exceed 18 months

The Board is responsible for the overall management of the Company's operations, except for matters reserved to the General Meeting and the General Director by the Joint-Stock Companies Law of Armenia and the Company's Charter.

The day-to-day management of the Company's operations is handled by the Company's sole executive body, the General Director. The General Director has authority over all matters related to the management of the Company's current operations, except for those matters that fall within the competences of the General Meeting and the Board. The same individual cannot hold the positions of the General Director and the chairman of the Board in parallel. After the appointment of the General Director by the Board, the Company signs a contract with the General Director, which is executed on behalf of the Company by the chairman or the acting chairman (another member) of the Board.

3.8.2. Powers of the Governing Bodies

3.8.2.1 General Meeting

The powers of the General Meeting are:

1. Amending and supplementing the Company's Charter, approving the new version of the Charter.
2. Reorganization of the Company.
3. Liquidation of the Company.
4. Appointment of the liquidation commission of the Company, approval of the final, interim, and liquidation balance sheets.
5. Approval of the quantitative composition of the Company's Board, election of its members, and early termination of their powers. The issues regarding the approval of the quantitative composition of the Board and the election of its members are exclusively discussed during the Company's Annual General Meetings. These issues may also be discussed during Extraordinary General Meetings if a decision has been made on the early termination of the powers of the Company's Board or its individual members.
6. Determining the terms of remuneration for the members and the chairman of the Company's Board.
7. Approval of internal documents governing the procedures for convening and conducting the General Meeting, as well as the meetings of the Company's Board.
8. Determination of the number, nominal value, class (type), and the rights associated with the declared shares.
9. Reduction of the Company's charter capital by acquiring the placed shares to reduce the nominal value of the shares or the total number of shares, as well as reducing the charter capital by redemption of the shares acquired or repurchased by the Company.
10. Adopting the decision not to apply the preemptive right to purchase new shares defined by Article 47 of the Joint-Stock Companies Law, as well as defining the validity period of that decision, if the voting shares are allocated through open subscription, and the payment for the allocated shares will be made by financial means.
11. Consolidation and splitting of shares.
12. Approval of the Company's annual reports, accounting balance sheets, profit and loss accounts, profit and loss distribution, adoption of decisions on the payment of annual dividends, and approval of the amount of annual dividends. These issues are exclusively discussed at the Company's Annual Meetings of shareholders based on the presentation of the Company's Board. The annual results of the work of the Company's subdivisions, Subsidiary, and dependent companies may also be discussed at Extraordinary General Meetings of shareholders.
13. Adoption of decisions on the conclusion of major transactions in cases provided for by Article 61(2) of the Joint-Stock Companies Law of Armenia.
14. Adoption of decisions on transactions in case of conflicts of interest as provided for by Article 64 of the Joint-Stock Companies Law of Armenia.
15. Establishment and participation in other commercial organizations, Subsidiaries, and dependent companies.
16. Adoption of other decisions provided for by the Charter and the Joint-Stock Companies Law of Armenia.
17. Election of the members of the Company's Controller Committee (controller) and early termination of their (his/her) powers. Approval of the regulations of the Controller Committee (controller).

3.8.2.2. Board

The powers of the Board are as follows:

1. Determination of the main directions of the Company's activities, including the approval of the Company's strategy, long-term programs, intermediate and long-term business plans, and annual business plans, as well as overseeing their implementation, and approval of the Company's annual budget.
2. Approval of the Company's Charter, making changes and additions to it if related to changes in the location of the Company within Armenia or the distribution of issued shares, as well as setting provisions regarding temporary executives of the Company's executive body.
3. Oversight and evaluation of the activities of the Company's executive body (including the application of incentives and disciplinary measures), including determining measures to address breaches in the implementation of decisions by the Board.
4. Convening the annual and extraordinary general meetings of shareholders, except in cases provided for in Article 74, Part 6 of the Law on Joint-Stock Companies.
5. Approval of the agenda for the general meetings of shareholders.
6. Compilation of the list of shareholders entitled to participate in the general meetings and resolution of all issues related to the preparation and convening of general meetings of shareholders that fall under the jurisdiction of the Board in accordance with the Joint-Stock Companies Law of Armenia.
7. Presentation of issues specified in Article 67, Part 1, Clauses 2, 14, 18-20, 22, and 23 of the Law on Joint-Stock Companies to the General Meeting for discussion and resolution.
8. Increase of the Company's statutory capital through increasing the nominal value of shares or issuing additional shares.
9. Placement of Bonds and other securities.
10. Determination of the market value of assets in accordance with Article 59 of the Law on Joint-Stock Companies.
11. Acquisition and redemption of the Company's placed shares, Bonds, and securities in cases specified by the Law on Joint-Stock Companies.
12. Participation in other organizations, provided that such participation does not constitute a major transaction.
13. Formation of the Company's executive body (General Director, management) and early termination of its powers, as well as the appointment of a temporary executive of the Company's executive body.
14. Preparation of proposals for the General Meeting regarding the payment terms and conditions for the Company's controller and other expenses.
15. Approval of the person conducting the Company's audit.
16. Determination of the amount payable to the person conducting the Company's audit.
17. Determination of the remuneration conditions for the Company's senior officials (except for the and members of the Board).
18. Preparation and presentation of proposals to the General Meeting regarding the annual dividends and their payment procedure.
19. Use of the Company's reserve and other funds.
20. Approval of internal documents regulating the activities of the management bodies (except for those whose approval is reserved for the General Meeting).
21. Approval of the Company's policies (including accounting policies and dividend policies).
22. Establishment of the Company's branches, representative offices, and establishments.
23. Conclusion of major transactions related to the sale and acquisition of the Company's assets in cases specified in Chapter VIII of the Law on Joint-Stock Companies.
24. Determination of the form of communication of information and materials to shareholders, including the choice of mass media, if communication must also be made publicly.

25. Conclusion of interested transactions as provided in Chapter IX of the Law on Joint-Stock Companies.
26. Resolution of other issues within the jurisdiction of the Board as provided by the Law on Joint-Stock Companies, the Company’s charter, and/or the rules adopted by the General Meeting.

3.8.2.3 General Director

The General Director, as the head of the Executive Body of the Company, has the following powers:

1. Implements the decisions of the General Meeting and the Board.
2. Manages the Company’s assets, including financial resources, and enters into transactions on behalf of the Company.
3. Represents the Company both in Armenia and abroad.
4. Acts without a power of attorney.
5. Issues powers of attorney. The legal director of the Company and/or the head of the customer service department also have the authority to issue powers of attorney for representing the Company’s interests in judicial matters and other related functions in Armenia.
6. Concludes contracts, including employment contracts, in accordance with established procedures.
7. Exercises the employer’s rights and obligations as stipulated by Armenian labor legislation concerning employees.
8. Opens settlement and other accounts for the Company at banks and other credit institutions (including, where legally required, at specialized securities market participants).
9. Submits the Company’s internal working regulations, regulations of separate divisions to the approval of the Board.
10. Issues orders and approves internal acts of the Company, except for internal documents that fall under the jurisdiction of the Board and the General Meeting and provides mandatory instructions for all Company employees.
11. Hires and dismisses Company employees in accordance with Applicable Law.
12. Applies measures of encouragement and disciplinary sanctions to employees.
13. Exercises other powers provided by the Law on Joint-Stock Companies and this Charter.
14. Approves the Company’s organizational structure.
15. Approves the Company’s annual expense budget and its performance, as well as any revised (adjusted) budgets.
16. Approves the Company’s staff list.

3.8.3 Shareholders of Class “B” Common Nominal Shares

Here are the details about the shareholders of Class “B” Common Shares:

Name / Organization	Place of Residence / Registration Address	Position	Other Activities
“Team” CJSC	Armenia	Shareholder of the Company, with voting rights of 10 votes per Class “B” Common Shares at the General Meeting	100% shareholder in “Team Systems” CJSC, “Team Solutions” CJSC, “Team Pay” CJSC

3.8.3.1 Members of the Board

Here are the details about the members of the Board:

Name	Place of Residence	Position	Other Activities
Aleksandr Yesayan	Armenia	Chairman of the Board	<ul style="list-style-type: none"> - 50% shareholder in “Team” CJSC - 50% shareholder in “Team Holding” CJSC - Executive Director of “Mandal AP” CJSC - Board Member of “World Information Technology and Services Alliance” (WITSA) - President of “Union of Leading Technology Enterprises” - Board Member of “State Engineering University of Armenia” - Honorary President of “State Symphony Orchestra of Armenia”
Hayk Yesayan	Armenia	Board Member, Executive Director	<ul style="list-style-type: none"> - 50% shareholder and General Director of “Team” CJSC - 50% shareholder and General Director of “Team Holding” CJSC - Chairman of the Board of “Team Pay” CJSC - Board Member of “Koghb” Foundation
Aram Barseghyan	Armenia	Board Member, Deputy Executive Director	<ul style="list-style-type: none"> - Board Member of “Team Pay” CJSC - Co-owner of “Baget and Delices” LLC
Albert Toneyan	Armenia	Independent Board Member	<ul style="list-style-type: none"> - PhD in Physical and Mathematical Sciences - Founder, 50% shareholder, and Director of “Web” LLC - Founder and 33% shareholder of “Kom-60” LLC - Director of “LIER” LLC - President of “Amiks” Foundation - Board Member and Vice President of “Internet Society” - Member of “Armenian Internet Governance Forum”
Artavazd Minasyan	Armenia	Independent Board Member	<ul style="list-style-type: none"> - Co-founder and Chairman of “Krisp Technologies” LLC - Co-founder and Chairman of “TenWeb” LLC - Co-founder and General Partner of “BigStory VC”

Hayk Yesayan and Aleksandr Yesayan are brothers. Hayk Yesayan and Aleksandr Yesayan are shareholders of Ucom, holding 2.970212% shares each. According to CPC Decision No. 282-A, July 2020, regarding the concentration of “VEON Armenia” CJSC and “Team” LLC (now “Team” CJSC), the commission allowed the concentration of “VEON Armenia” CJSC and “Team” LLC through the acquisition of 100% of the shares of “VEON Armenia” CJSC by “Team” LLC, under the following conditions:

1. Hayk Yesayan and Aleksandr Yesayan are obliged, after the concentration comes into effect, to refrain from exercising the rights specified in Article 37(1)(a), (b), (d), (e), and (k) of the Law on Joint Stock Companies of Armenia and Article 15.6 of Ucom’s charter.
2. Hayk Yesayan and Aleksandr Yesayan are obliged, after the concentration comes into effect, to refrain from requesting or obtaining confidential information regarding the activities of Ucom.

On July 28, 2020, Hayk Yesayan and Aleksandr Yesayan offered Ucom and its other shareholders to sign a shareholders’ agreement, which would contain the obligations to refrain from the rights and actions mentioned in the two points above. This offer was not accepted by the remaining shareholders of Ucom as of the registration of the decision.

Nevertheless, Hayk Yesayan and Aleksandr Yesayan, holding 2.970212% shares each in Ucom, do not participate in the meetings of Ucom, do not take part in the Company’s management, do not authorize any third parties to represent their rights in the meetings, do not make proposals at the meetings, do not vote at the meetings, and do not propose candidates for the board of the company.

3.8.4 Conflict of Interest

The Issuer seeks to minimize the potential and/or probable risk of conflicts of interest through its internal normative documents. To this end, the Company has developed and implemented the following policies: “Policy on Transactions with Related Parties,” “Conflict of Interest Policy,” “Anti-Corruption and Anti-Bribery Policy,” and “Code of Conduct.”

The Issuer does not believe there is a conflict of interest between the Issuer, those involved in the Issuer’s management, and the Ultimate Beneficiaries. However, the Issuer provides the following additional comments as part of its assessment:

3.8.4.1 Relations between the Issuer and Ultimate Beneficiaries

During 2020, the change in the Issuer’s shareholders and the appointment of new management members led to the alignment of shareholder and managerial interests (agency problem).

3.8.4.2 Relations between the Issuer and Group Members

The Issuer is part of the Group with its related companies. The Issuer believes that in its regular business activities, there is no conflict of interest in the financial and economic relations with Group members.

3.8.4.3 Relations between the Issuer and the Sole/Lead Arranger

The Sole/Lead Arranger and various specialized financial organizations participating in the placement have previously provided, and may in the future provide, various commercial banking, investment banking, advisory, intermediary, and other financial, investment, or legally permissible services to the Issuer, for which they have received or may receive fees, commissions, compensation, or other payments.

The Sole/Lead Arranger and various specialized financial organizations participating in the placement are financial institutions engaged in various activities, including but not limited to securities trading, commercial and investment banking services, financial advisory, investment management, principal investments, hedging, financing, and brokerage activities.

During normal operations, the Sole/Lead Arranger, as well as various specialized financial organizations participating in the placement, may have investment, credit, advisory, or other financial and economic contractual and/or operational relationships with the Issuer and/or related parties of the Issuer.

3.8.4.4 Agreements with Stakeholders

There are no agreements with major shareholders, clients, suppliers, or other persons according to which any person has been selected or appointed as a member of the Issuer’s management body.

3.9 The Activities of the Management Bodies

3.9.1 The Issuer’s Audit Committee

The Audit Committee of the Issuer, which operates under the Board of the Issuer, consists of two members.

Name	Position
Aleksandr Yesayan	Chairman of the Board
Albert Toneyan	Independent Board Member

Albert Toneyan is the Chairman of the Controller Committee. The Committee's powers and responsibilities are as follows:

- a) overseeing (auditing) the process of ensuring the credibility of the Company's financial statements and official statements regarding the financial results of the Company's activities;
- b) analyzing the Company's quarterly and annual reports and presenting recommendations to the Board regarding their approval;
- c) checking the operation of the Company's internal control systems, including risk management, to ensure compliance with current laws, legal acts, and other requirements;
- d) making recommendations to the Board on the criteria, remuneration, and other significant conditions for the selection of the Company's external auditor;
- e) overseeing and analyzing the independence, objectivity, and effectiveness of the Company's external auditor;
- f) meeting with the external auditor at least once a year;
- g) analyzing the reports of the Company's external auditor and providing relevant information to the Board;
- h) monitoring the implementation of the external auditor's recommendations;
- i) developing policies related to the Company's internal control system and overseeing their implementation.

3.9.2 Corporate Governance Principles

As a joint-stock company (and also a reporting Issuer), the Issuer follows the corporate governance requirements prescribed by Applicable Laws for joint-stock companies and reporting Issuers.

Before becoming a shareholder in Armenia, the Issuer did not need to apply the additional instructions of the Corporate Governance Code of Armenia, approved by Armenian Government Resolution No. 1769-A dated December 30, 2010. However, considering that point 2 of the decision instructs leaders of state governing bodies to prioritize companies that adhere to the Corporate Governance Code in processes such as public procurement, public-private partnerships, state support, and the provision of tax or customs benefits, the Company plans to conduct a further review of the Corporate Governance Code and analyze the applicability of the instructions contained therein in the future.

3.10 Controlling Persons

3.10.1 Major Shareholders

The Parent is the sole shareholder of Class “B” Common Shares of the Company. The Ultimate Beneficiaries of the Company are the 100% shareholders of the Parent (each holding 50% of the shares). The Ultimate Beneficiaries have the same voting rights in the Parent.

Information on Controlling Entities

The Company has assumed certain obligations under credit agreements with lending financial institutions and specialized commercial intermediary organizations. These obligations include notifying or obtaining approval from these entities for incurring new credit obligations or taking certain actions and/or refraining from certain actions. Under such agreements, the Issuer may have decision-making restrictions. Therefore, from this perspective, the following entities are considered potential controlling entities, with reservations: IFC, EBRD, and Ameriabank CJSC.

The Issuer will use part of the funds raised from the Bonds to fully repay the Senior Term Loans. In the event that the Senior Term Loans are fully repaid, the Senior Term Loans will cease to be effective, and the Issuer will disclose significant information in accordance with the Applicable Law.

The restrictions (covenants) applicable to the Company under the Senior Term Loans are detailed in Section 3.2.20 of this Program Prospectus.

3.11 Information on the Issuer’s Financial Forecasts and Historical Financial Information

Disclaimer. Financial results of previous periods do not guarantee the achievement of future results. Forecasts made by the Issuer should not be considered as guidance, assurance, or a basis for such assurance. The Issuer does not guarantee the achievement of the financial results projected by the Company, as the realization of planned financial results depends on numerous factors that are not entirely within the Issuer’s control.

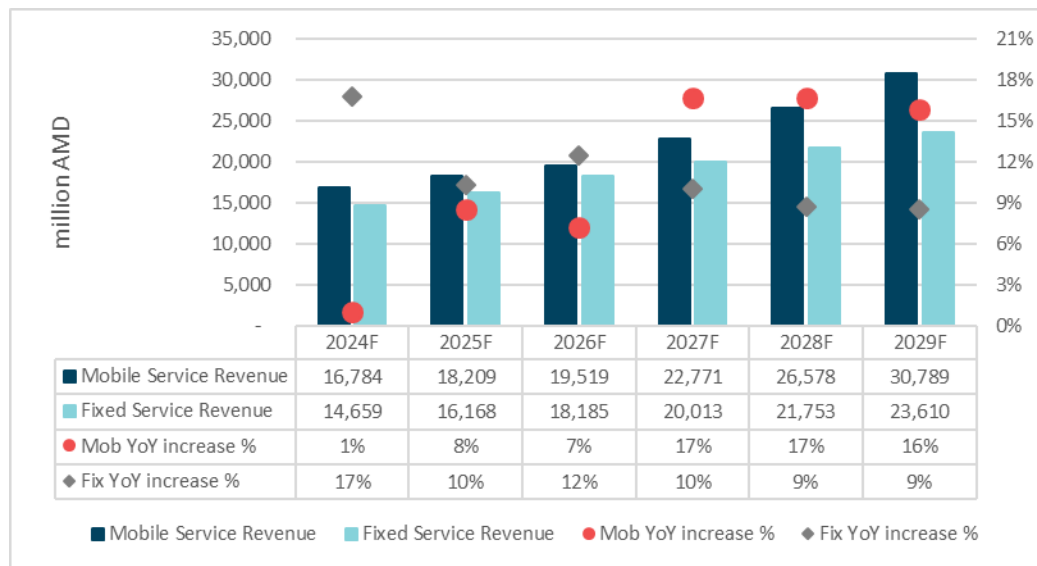
Certain expressions in this Program Prospectus are not representations of historical facts but rather qualify as forward-looking statements. These expressions include terms such as plans, objectives, targets, strategies, future events, or assumptions about future performance, indicating that they do not describe historical facts. Expressions like “believe,” “expect,” “forecast,” “intend,” “anticipate,” “plan,” “estimate,” “aim,” “may,” “should,” and similar phrases qualify as forward-looking statements but are not exclusive or exhaustive of such qualifications. By their nature, forward-looking statements inherently involve risks and uncertainties, both general and specific, and there is a likelihood that these projections, assumptions, estimates, and other qualifications may not materialize or be achieved.

The source of the forecasts presented in this section is the Issuer’s financial model.v1 (the “Financial Model”) effective as of the date of the submission of this Program Prospectus to the CBA registration which can be found under <https://www.telecomarmenia.am/hy/sustainable-development/>.

The Company’s forecast for both mobile and fixed service revenues demonstrates steady growth throughout the 2024-2029 period.

- Mobile Service Revenue is expected to grow from AMD 16.8 billion in 2024 to approximately AMD 30.8 billion in 2029, representing a compound annual growth rate driven by increased demand for mobile data services, enhanced network capabilities, and expanded coverage. The year-on-year growth rate for mobile services is projected to accelerate from 1% in 2024 to 16% in 2029, with notable jumps of 17% in 2027 and 2028 due to the anticipated rollout of new technologies and expanded service offerings.
- Fixed Service Revenue is projected to rise from AMD 14.7 billion in 2024 to around AMD 23.6 billion in 2029. The fixed service segment is expected to maintain stable growth with a 9-12% annual increase over the forecast period. Despite a slowdown in growth rates in later years, the steady expansion reflects continuous investments in fiber infrastructure, particularly in underserved areas.

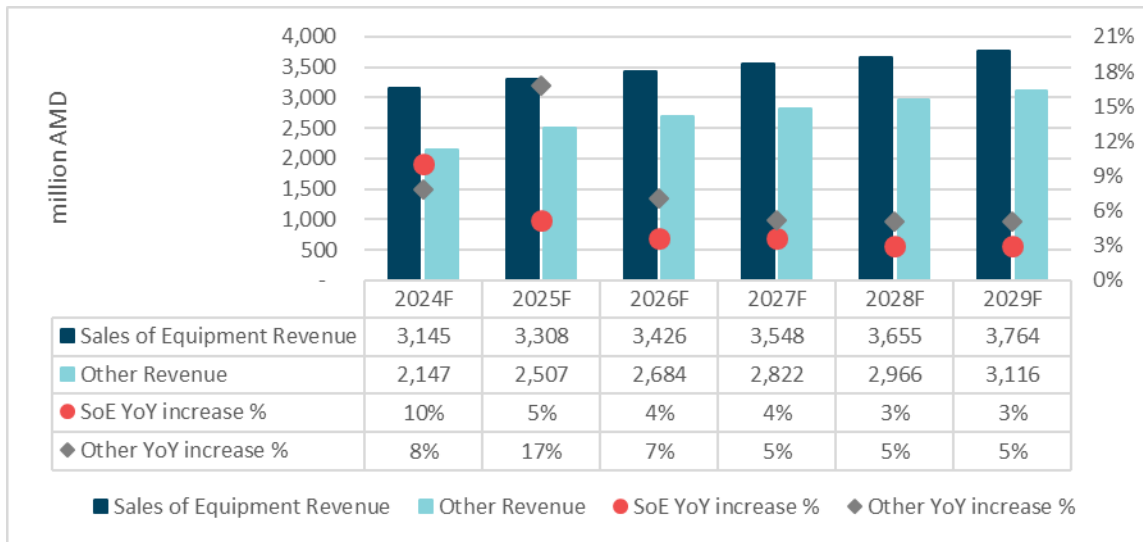
Table 1. Mobile and Fixed service revenue forecast



Overall, the Company expects robust revenue growth across both mobile and fixed services, with mobile services exhibiting stronger acceleration driven by increasing consumer demand for high-speed mobile internet and digital services, while fixed services maintain steady, reliable growth.

The growth of the Company’s revenues and performance will be ensured due to the capital investments to be made by the Company during the period of 2024-2029. The below chart provides a brief outline of the main directions of the capital investments. The investment plans for each direction are presented in detail in Section 3.3.2 of the Program Prospectus.

Table 2. Sales of Equipment and Other Revenue Forecast



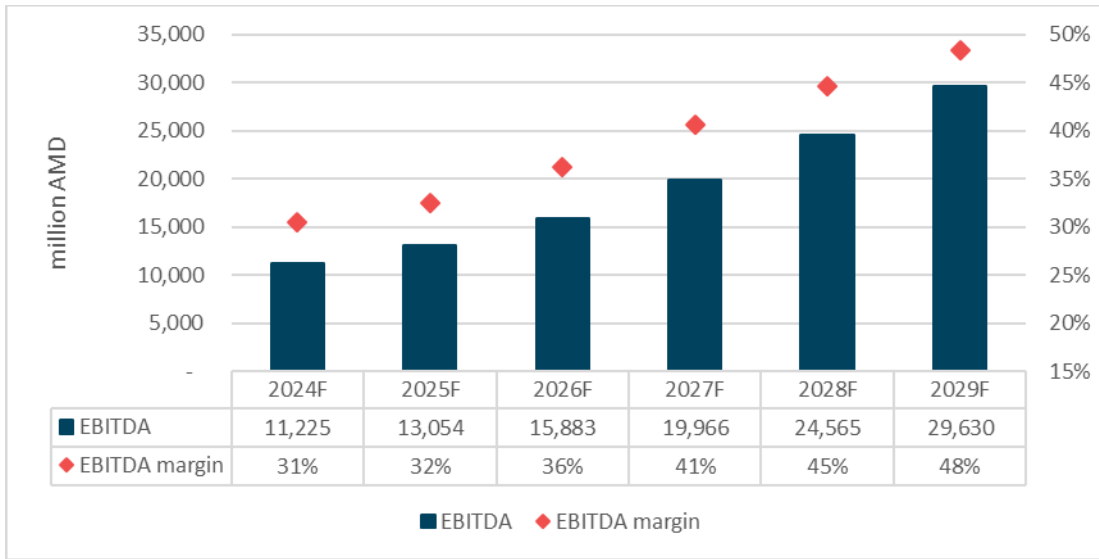
The forecast for the Sales of Equipment Revenue and Other Revenue over the 2024-2029 period shows moderate growth, with a steady increase in both categories.

Equipment sales are expected to grow from AMD 3.1 billion in 2024 to AMD 3.8 billion by 2029, showing a moderate but consistent rise. The YoY growth will decelerate, starting from 10% in 2024 and slowing down to 3% in 2028 and 2029. This reflects a maturing market for equipment sales, with revenue growth stabilizing at lower percentages as the market reaches saturation.

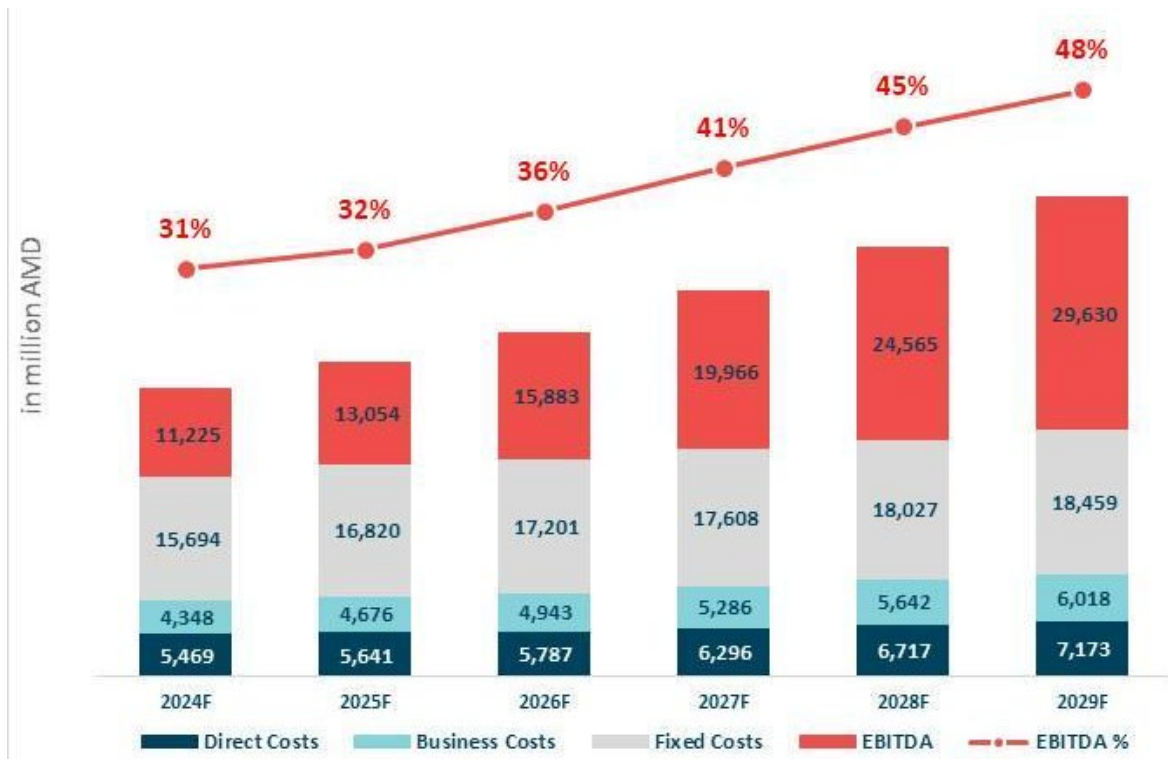
Other revenue streams are projected to increase from AMD 2.1 billion in 2024 to AMD 3.1 billion in 2029. A notable spike in growth is expected in 2025, with YoY growth reaching 17%, before stabilizing at 5% annually for the remainder of the forecast period. This growth can be attributed to additional services or diversified product offerings, but the slower growth toward the later years suggests these revenues are becoming more stable and predictable.

Both the sales of equipment and other revenue streams contribute to the Company’s overall financial health, although their growth is more moderate compared to core service revenues. The forecast indicates stable but slowing growth rates, reflecting a mature and stabilized revenue base in these segments.

Table 3. EBITDA and EBITDA Margin Growth Forecast



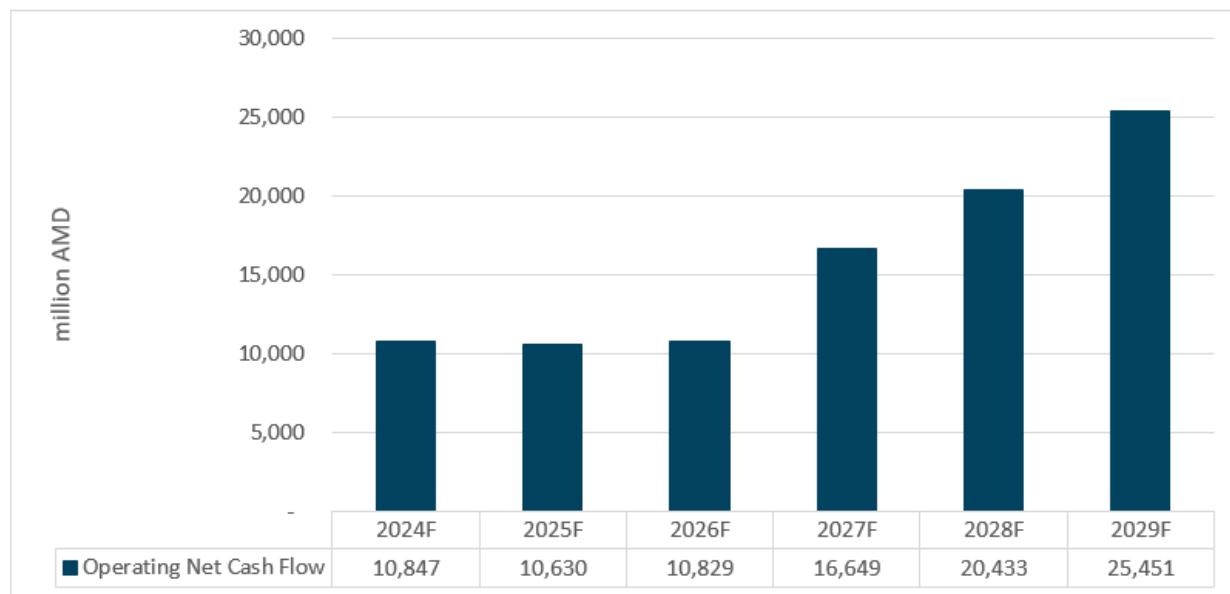
The Company’s EBITDA is projected to show significant growth over the forecast period from 2024 to 2029. Starting from approximately AMD 11.2 billion in 2024, EBITDA is expected to steadily rise, reaching around AMD 29.6 billion by 2029. This represents a compound annual growth rate that reflects the Company’s increasing operational efficiency and revenue growth driven by expanded service offerings and cost optimization.



In parallel, the EBITDA margin is expected to improve consistently, rising from 31% in 2024 to around 48% by 2029. This improvement is largely attributed to higher-margin service adoption, particularly in the data and digital services segments. The growth in the margin signifies stronger profitability and operational

leverage, positioning the company for long-term financial stability and competitive strength in the telecommunications sector.

Table 4. Operating Net Cash Flow Forecast



The Company's Operating Net Cash Flow is projected to grow steadily throughout the forecast period, reflecting a strong financial position and increasing operational efficiency.

In 2024, the operating net cash flow is expected to start at AMD 10.8 billion.

A notable increase occurs in the later years, with cash flow reaching AMD 16.6 billion in 2027, and AMD 20.4 billion by 2028.

By 2029, the forecasted net cash flow is expected to peak at AMD 25.5 billion, more than doubling from the 2024 figure.

This consistent growth demonstrates the company's ability to generate cash from its core operations, enabling reinvestment and supporting long-term financial sustainability. The cash flow improvements are likely driven by revenue growth, cost efficiencies, and strategic investment in network expansion.

3.11.1 Historical Financial Information

The audited financial statements for 2023 and 2022 are presented in Appendix 5.

3.11.2 Interim Financial Information

The Company's interim financial statements are presented in Appendix 5.

3.11.3 Significant Changes in the Issuer's Financial Position

There have been no significant changes in the Issuer's financial position from December 31, 2023, up to the date of submission of the Program Prospectus.

3.11.4 Information on Legal, Arbitral, and Administrative Proceedings

The Issuer, as a respondent, is involved in several legal cases, some of which could have a significant impact on the Issuer's financial position or profitability. The legal cases that could materially affect the Issuer's financial position or profitability are detailed below:

1. In April 2022, the bankruptcy manager of "Khasuro Group" CJSC, Armine Movsisyan, filed a lawsuit against the Company demanding compensation for damages amounting to AMD 1,170 million in the form of lost profits. According to the plaintiff, the damages were incurred due to the Company allegedly illegally renaming one fixed-line phone number belonging to "Khasuro Group" CJSC and four other numbers provided to Artur Khachatryan, as a result of which "Khasuro Group" CJSC was unable to conduct its economic activities (providing taxi transportation services) from 2016 to 2021, incurring losses of AMD 1,170 million. This court case is currently under review. The Company assesses the likelihood of the case being decided in favor of the plaintiff as low.

Below is a list of current legal proceedings involving the Issuer.

Nº	Case Number	Nature of the Case	Company's Assessment of Potential Impact on Financial Condition or Result
1	ԿԴ/0082/02/09	Civil dispute	No material adverse effect on the Issuer's financial condition or result
2	ԵԱԲԴ/0637/02/13	Civil dispute	No material adverse effect on the Issuer's financial condition or result
3	ԵԴ/10768/02/19	Claim for debt recovery	No material adverse effect on the Issuer's financial condition or result
4	ԵԴ/9630/02/20	Claim for debt recovery	No material adverse effect on the Issuer's financial condition or result
5	ԵԴ/10617/02/20	Labor dispute	No material adverse effect on the Issuer's financial condition or result
6	ԵԴ/54363/02/21	Claim for early termination of contract, debt recovery, and dismantling of installed equipment	No material adverse effect on the Issuer's financial condition or result
7	ԿԴ/8237/05/21	Claim for invalidation of the decision	No material adverse effect on the Issuer's financial condition or result
8	ԵԴ/17676/02/22	Claim for compensation for damages	May have material adverse effect on the Issuer's financial condition or result
9	ԿԴ/0750/05/22	Claim for invalidation of the decision	No material adverse effect on the Issuer's financial condition or result
10	ԵԴ2/8571/02/23	Claim for debt recovery	No material adverse effect on the Issuer's financial condition or result

It should be noted that the Parent is involved as a respondent in civil case No. ED/20890/02/20 filed by Ucom. The Ultimate Beneficiaries of the Company are also involved in the same lawsuit as third parties.

In July 2020, Ucom filed a lawsuit in the Yerevan First Instance Court of General Jurisdiction against the Main Shareholder, with third parties being “Veon Amsterdam B.V.,” “VimpelCom Ltd.,” and the Ultimate Beneficiaries, regarding the alleged use of undisclosed information belonging to Ucom during the negotiation process for the acquisition of “Veon Armenia” CJSC shares by the Main Shareholder, and the breach of fiduciary duties owed to Ucom by the founders of the Main Shareholder, constituting unfair competition. In this lawsuit Ucom requests invalidation of the transaction of October 29, 2020, regarding the acquisition of shares in “Veon Armenia” CJSC by the Main Shareholder and the application of consequences related to the invalidation.

In parallel, Ucom initiated administrative case No. VD/0693/05/21 against the CPC which resulted in the suspension of civil case No. ED/20890/02/20 until the issuance of a final judicial act in administrative case No. VD/0693/05/21. Administrative case No. VD/0693/05/21, along with administrative case No. VD/6727/05/20, was heard in closed court sessions, and the provision of information is restricted by law (Article 8 of the Administrative Procedure Code of Armenia).

In administrative cases No. VD/0693/05/21 and VD/6727/05/20, Ucom acted as the plaintiff, and the CPC acted as the respondent. In administrative case No. VD/0693/05/21, the Main Shareholder and the Ultimate Beneficiaries were involved as third parties, while in administrative case No. VD/6727/05/20, the Main Shareholder and the Issuer were involved as third parties.

Given the existence of a final and binding judicial act in administrative case No. VD/0693/05/21, the hearing of civil case No. ED/20890/02/20 has resumed and is currently under review.

The Company considers the likelihood of the court satisfying Ucom’s claims in civil case No. ED/20890/02/20 to be low. Moreover, the Company’s management assesses that the likelihood of a final court decision and its implementation occurring before the full repayment of the Bonds is extremely low. However, it should be noted that if the claim is upheld, it could have a significant negative impact on the Company’s operations and financial condition.

At the same time, the Company obtained a legal opinion from an external counsel (prepared based on information about the respective court cases, the disclosure of which is not prohibited by court), according to which various risks posed by the Ucom Proceedings are described with varying degrees of concern, ranging from “low to medium,” “quite low,” and “medium” across different sections of the opinion in relation to specific claims or factual findings.

Considering the legislative restrictions on the provision of information in administrative cases No. VD/0693/05/21 and VD/6727/05/20 and noting that final judicial acts have already been issued by the Administrative Court of Armenia in both cases, only the final parts of the judicial acts (decisions) are subject to publication, in accordance with Article 8, Part 6 of the Administrative Procedure Code of Armenia.

According to the decision of the Administrative Court of Armenia of May 11, 2023, in administrative case No. VD/0693/05/21, Ucom’s claim was satisfied. The CPC was obliged to qualify the actions of “Team” CJSC, Hayk Yesayan, and Aleksandr Yesayan in the acquisition of “Veon Armenia” CJSC shares as unfair competition, due to the use of undisclosed information and breach of fiduciary duties, and to invalidate decision No. 393-A of the CPC, dated December 23, 2020.

In administrative case No. VD/0693/05/21, the CPC, as the respondent, the Main Shareholder and the Ultimate Beneficiaries, as third parties, filed appeals against the decision of the Administrative Court of Armenia of May 11, 2023.

By the decision of the Administrative Court of Appeals of Armenia of January 29, 2024, these appeals were partially upheld. The decision of the Administrative Court of Armenia of May 11, 2023, in administrative case No. VD/0693/05/21 was overturned in the part that qualified the actions of the Ultimate Beneficiaries of the Company in the acquisition of “Veon Armenia” shares as unfair competition due to the use of undisclosed information and breach of fiduciary duties, as well as the related distribution of legal costs. The rest of the decision was left unchanged.

On February 29, 2024, the CPC, as the respondent, the Main Shareholder and the Ultimate Beneficiaries, as third parties, filed cassation appeals against the unfavorable parts of the decision of Administrative Court of Appeals of Armenia of January 29, 2024.

The cassation appeals filed by the respondent, the CPC, and third parties Hayk Yesayan and Aleksandr Yesayan against the unfavorable parts of the January 29, 2024 decision were rejected by the Court of Cassation of Armenia on March 27, 2024, while the cassation appeal filed by “Team” CJSC was rejected by the Court of Cassation of Armenia on April 25, 2024.

The January 29, 2024 decision of the Administrative Court of Appeals of Armenia has entered into legal force.

On August 20, 2024, the CPC adopted decision No. 490-A “On the execution of the May 11, 2023 judgment of the Administrative Court of Armenia in administrative case No. VD/0693/05/21,” which states: “1. To execute the May 11, 2023 judgment of the Administrative Court of Armenia in case No. VD/0693/05/21. 2. To issue a warning to “Team” CJSC. “Team” CJSC appealed the mentioned decision of the CPC on September 9, 2024, to the CPC.

On August 13, 2024, “Team” CJSC submitted an individual application to the Constitutional Court of Armenia (in connection with the decision of the Administrative Court of Appeals of Armenia dated January 29, 2024 in administrative case No. VD/0693/05/21), which was accepted for review by the Constitutional Court of Armenia on August 29, 2024 (available at the following link: https://concourt.am/decision/decisions/66d565fe7d13b_SDDKV-43.pdf).

On November 5, 2024, the Constitutional Court of the Republic of Armenia issued a decision to discontinue the proceedings in the case initiated upon the individual application of “Team” CJSC.

According to the judgment issued by the Administrative Court of Armenia on November 11, 2022 in case No. VD/6727/05/20, the claim of Ucom against the CPC, with third parties “Team” CJSC and Telecom Armenia, demanding the annulment of decision No. 282-A of the CPC dated July 9, 2020 (on allowing the concentration of “Veon Armenia” CJSC and “Team” CJSC under certain conditions), was rejected.

Ucom filed an appeal, which was fully rejected by the Administrative Court of Appeals of Armenia on December 20, 2023.

Ucom submitted a cassation appeal on January 20, 2024 against the December 20, 2023 decision of the Administrative Court of Appeals of Armenia.

The cassation appeal of Ucom against the December 20, 2023 decision of the Administrative Court of Appeals was rejected by the Court of Cassation on April 3, 2024.

The decision of the Administrative Court dated November 11, 2022 has entered into legal force.

The legal proceedings related to the Company and its Main Shareholder are also available in the Judicial Information System at the following link: <http://www.datalex.am>.

3.12 Additional Information

3.12.1 Share Capital

3.12.1.1 Size of Share Capital

As of the date of registration of this Program Prospectus, the Company's share capital amounts to AMD 22,837,709,000. This capital is divided into 188,377,090 Class "B" Common Shares, and 40 million Class "A" Common Shares.

3.12.1.2 Number of Issued Shares

The Company's shares are fully paid. The Company does not have any issued shares that are unpaid or partially paid.

3.12.1.3 Nominal Value of Each Share

The nominal value of each share (both Class "A" and Class "B") is AMD 100.

3.12.2 Charter

According to Article 2.3 of the Issuer's Charter, the Company may engage in any economic activities not prohibited by Applicable Laws. As per Article 2.2 of the Issuer's Charter, the main activity of the Company is the provision of telecommunication services.

3.13 Significant Contracts

The significant terms of contracts concluded and currently in effect outside the ordinary course of business over the past two years are presented below:

Contract	Parties	Nature and Key Terms
Borrowing Agreement dated 14/06/2022	The Company (as lender) and "Team" CJSC (as borrower)	Contract amount: USD 22,217,289 and AMD 100 million Repayment: 3 equal installments from 2026 to 2029
Senior Term Loans dated 26/05/2022	Lenders: IFC, EBRD, Ameriabank CJSC	Contract amount: USD 45 million Repayment: 2024 to 2029

It should be noted that, except for the above-mentioned credit agreement, the Company has provided "Team" CJSC with loans totaling USD 9,647,950 and AMD 352 million under various existing loan agreements in 2021. The repayment terms for these loans vary, ranging from March 2026 to December 2029. The loans were provided to "Team" CJSC to service and repay the funds obtained for the acquisition of the company.

3.14 Expert's, Valuator's, Adviser's or Accountant's Professional Opinions and Third-Party Information

Aside from the audited financial statements included in this Program Prospectus, no professional opinions from accountants, appraisers, consultants, or any other experts have been used in any part of this Program Prospectus.

For some of the information presented in this Program Prospectus, sources include publications from the PSRC, Armstat, competitor operators, ITU, and other third parties (the relevant sources of information are indicated in the corresponding Sections of this Program Prospectus).

The Issuer confirms that the information based on third-party publications included in this Program Prospectus has been accurately reproduced, and no facts that could distort the meaning of these publications/information have been omitted. The relevant Sections of this Program Prospectus indicate relevant sources of information.

3.15 Other Information

The Issuer's Charter, annual financial statements, audit reports, and quarterly reports on key technical and economic indicators are always available to the public in electronic form. These documents can be accessed on the Issuer's official website at www.telecomarmenia.am.

This Program Prospectus may include certain financial indicators or calculations of financial ratios that are not defined by International Financial Reporting Standards (IFRS) ("**Non-IFRS Indicators**"). These indicators include EBITDA, EBITDA margin (calculated by dividing EBITDA by total revenue), Borrowings, Net Debt, and Net Debt/EBITDA ratio, which have been used by the Issuer's management to assess the Issuer's financial performance.

However, these indicators should be considered as additional and supplementary and should not be used as substitutes or alternatives to IFRS-based historical financial statements. Non-IFRS indicators have not been audited.

The Issuer uses non-IFRS indicators because they are frequently used by investors and analysts to assess the Issuer's performance. However, they are not IFRS-based measures of financial performance. Therefore, they should not be regarded as substitutes for IFRS-based indicators of profit, operating income, cash flows, operational results, or financial position.

Additionally, it should be noted that all other indicators and ratios presented in this Program Prospectus have not been verified by the external auditor of the financial statements, except for those indicators for which there is a specific note.

INVESTORS, BY REVIEWING THIS PROGRAM PROSPECTUS, SHOULD ASSESS THE VALUE OF THE INFORMATION AND THE RISKS OF INVESTMENT ON THEIR OWN BEFORE MAKING A DECISION TO INVEST.

PART 4. APPENDICES

Appendix 1: Formulas for Calculating Financial Ratios

Earnings Per Share (EPS) = Net Profit After Tax Expense / Weighted Average Number of Shares

Return on Equity (ROE) = Net Profit After Tax Expense / Average Shareholders' Equity

Return on Assets (ROA) = Net Profit After Tax Expense / Average Total Assets

Net Profit Margin (NPM) = Net Profit After Tax Expense / Revenue from Sales of Products, Goods, Works, and Services

Capital Adequacy Ratio = Shareholders' Equity / Total Assets

Financial Leverage Ratio = Total Liabilities / Shareholders' 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 Prepayments) / Current Liabilities

Overall Liquidity Ratio = Current Assets / Current Liabilities

Receivables Turnover Ratio = Revenue from Sales of Products, Goods, Works, and Services / Average Receivables

Days Sales Outstanding (DSO) = 365 / (Revenue from Sales of Products, Goods, Works, and Services / Average Receivables)

Inventory Turnover Ratio = Cost of Goods Sold / Average Inventory

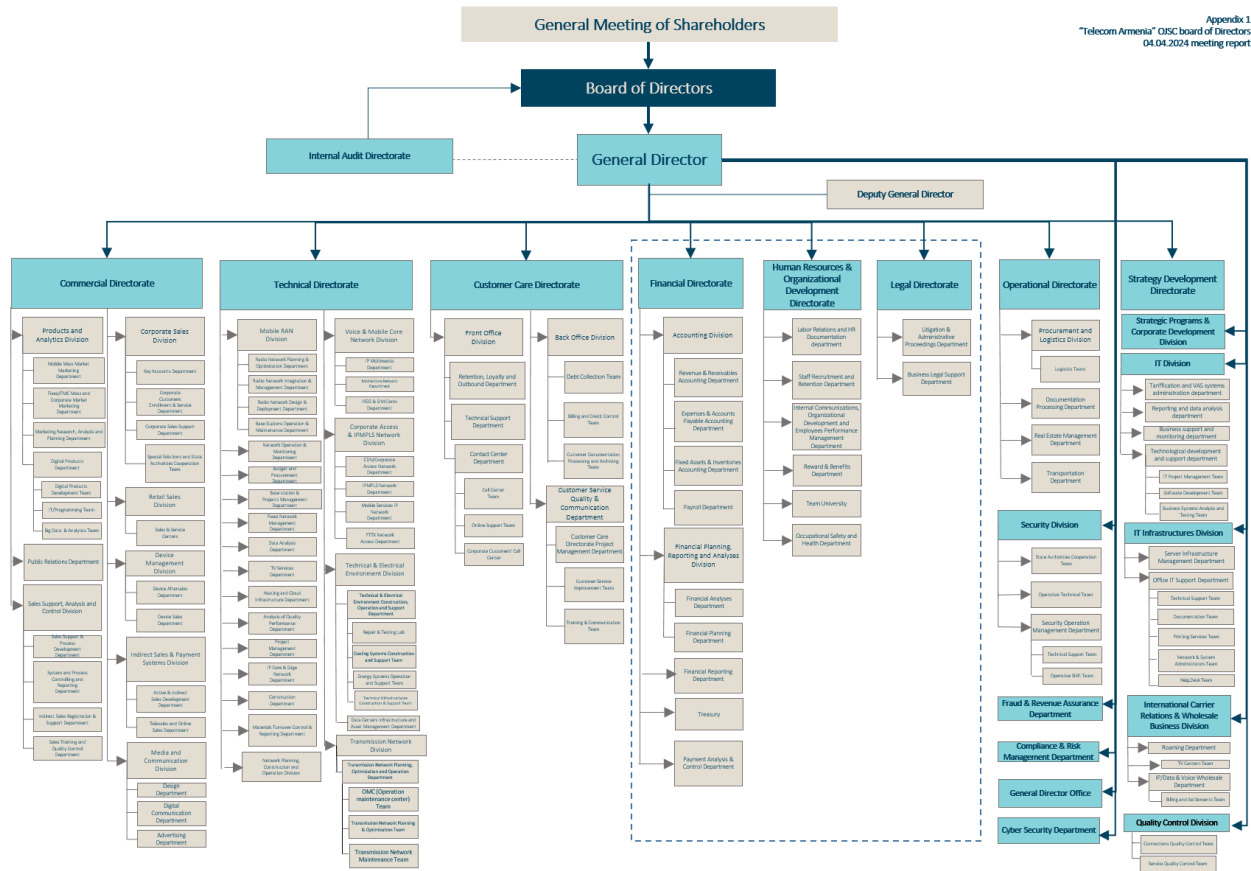
Days Inventory Outstanding (DIO) = 365 / (Cost of Goods Sold / Average Inventory)

Payables Turnover Ratio = Cost of Goods Sold / Average Payables

Days Payable Outstanding (DPO) = 365 / (Cost of Goods Sold / Average Payables)

Appendix 2: Issuer's Organizational Structure

Appendix 1
"Telecom Armenia" OJSC board of directors
04.04.2024 meeting report



Appendix 3: Definitions

a. Technical terms:

2G

The commercial launch of second-generation mobile communication networks began in 1991 in Finland, based on GSM standards. The main advantages of 2G networks were digital encoding of calls and data exchange via SMS.

3G

The third-generation mobile telecommunications standard allowed the simultaneous transfer of both voice, such as phone calls, and non-voice data, such as downloading information, exchanging emails, and making video calls.

4G

The fourth-generation mobile communication technological standard provides mobile broadband internet access, for example, via wireless USB modems for laptops, smartphones, and other mobile devices. 4G+/LTE-A (Advanced) is an advanced version of fourth-generation mobile communication. It differs from the older standards with higher connection speeds and more efficient data transfer algorithms. 4G+/LTE-A allows the use of mobile internet at speeds of up to 170 Mbps.

5G

The fifth-generation broadband mobile network technological standard, which compared to previous networks, provides higher upload and download speeds and improved bandwidth.

ADSL (Asymmetric Digital Subscriber Line)

A type of data transmission technology for digital subscriber lines (DSL), which allows for faster data transfer through copper telephone wires than a traditional voice-modulated modem. This is possible by using frequencies not present in voice phone calls. The DSL filter enables the telephone line to be used simultaneously for both ADSL services and voice calls.

ARPU (Average Revenue per Unit)

Measures the average revenue obtained from each customer.

Broadband

The primary term describing high-bandwidth equipment and systems that can process and transmit signals across wide electromagnetic frequency ranges.

CAGR (Compound Annual Growth Rate)

Measures the annual growth rate of investments or financial indicators over a defined period of time, which is longer than a year.

Core Network

The mobile communication core network, which includes the voice routing (CS - circuit switched) and packet routing (PS - packet switched) domains. The CS domain refers to voice

services, while the PS domain provides data exchange (internet access) services. The architecture of 4G and 5G networks is entirely built on the PS domain and, unlike 2G/3G networks, does not have a CS domain.

CPE (Customer Premises Equipment)

All-end or interconnecting equipment located at the customer's premises and connected to the provider's communication lines. Customer equipment includes cable modems, attached telephone terminals, smart cards, Wi-Fi, and mobile devices.

DSL (Digital Subscriber Lines)

A technology that enables data transmission between a central office and customer premises. DSL technology is most commonly used to provide broadband internet services at speeds significantly faster than dial-up internet access. DSL (sometimes referred to as "xDSL") is often used as a general term for several variations of the technology, which offer different characteristics but are based on the same principles.

DWDM (Dense Wavelength Division Multiplexing)

An optical transmission technology used to increase the capacity of the existing main optical fiber network by transmitting data from different sources through the optical fiber using a specific wavelength of light for each.

Fiber Optic Cable

A cable that uses optical glass fibers to transmit data over long distances with minimal loss or distortion. Fiber optic cables have broadband frequency characteristics and can handle very high power and speed transmissions. They are immune to electrical interference and environmental factors, unlike copper wires.

FTTx (Fiber to the x)

Broadband data transmission networks classified based on where the fiber optic ends and the metal cable begins.

FTTB (Fiber to the Building)

A broadband data transmission network where the fiber optic section extends from the service provider's data center to the customer's building.

FTTC (Fiber to the Community)

A broadband data transmission network where the fiber optic section extends from the service provider's data center to a group of buildings, from which digital data flows to subscribers through a VDSL network using active equipment.

FTTH (Fiber to the Home)

A data transmission network where the fiber optic section extends from the service provider's data center to the customer's home/apartment.

Gbps (Gigabit per second)

1 Gbps = 1 thousand Mbps (Megabits per second). It is a unit for measuring bandwidth in telecommunications (the total volume of information transmitted per unit of time).

G-PON or GPON (Gigabit-capable Passive Optical Network)

The operation of a passive optical network, or PON (Passive Optical Network), is designed to serve multiple subscribers in the same area through a single optical fiber by multiplexing light transmission frequencies within the fiber. The Ethernet PON standard, developed for faster information transmission, led to its upgraded Gigabit EPON version, known as “GPON,” which is now second only to gigabyte passive optical standard systems.

The 25G-PON, or 25GPON, is a broadband data transmission technology using a passive optical network, where each port of the active equipment operates at 25 Gbps.

XGSPON or XGS-PON is a data transmission standard with symmetric 10 Gbps bandwidth using a passive optical network.

GSM (Global System of Mobile Communication)

A widely accepted technical standard for digital mobile communications.

Interconnection

The physical and logical connection of two public telecommunications networks used by the same or different service providers, allowing users of one provider to exchange information with users of the same or another provider.

IP (Internet Protocol)

A set of rules designed for the routing and addressing of data packets for their transfer over the internet to ensure their correct delivery to the intended recipient.

IP/MPLS (Internet Protocol/Multi-Protocol Label Switching)

A technique for routing data from one node to another in telecommunications networks, based on labels instead of network addresses. Network addresses identify endpoints, while labels identify paths established between endpoints.

MPLS can accommodate various network protocol packets, hence the multi-protocol component of the name. MPLS is used with various access technologies, including T1/E1, ATM, Frame Relay, and DSL.

IPTV (Internet Protocol Television)

A system where digital television services are delivered via internet protocol (IP) network infrastructure, which may include broadband access.

LTE (Long-Term Evolution)

Marketed as 4G LTE, a wireless communication standard for high-speed data transfer.

Mbps (Megabit per second)

A unit of measurement for data transfer speed.

MHz (Megahertz)

A unit of frequency for alternating current (AC) or electromagnetic (EM) waves, equal to 1 million hertz.

MMS (Multimedia Messaging Service)

A service for sending multimedia messages, including graphics, video, sound files, and short text messages, through wireless networks, particularly mobile phones.

NGN (New Generation Network)

A concept of a high-speed data transmission network where all services (high-speed internet, IP television, voice services) are delivered to the subscriber via internet protocol packets.

OTT (Over-the-Top)

An Over-the-Top service (in this case, television or video content) provided via the internet.

POTS (Plain Old Telephone Service)

Traditional telephone service that uses a copper-wire network for voice transmission.

PSTN (Public Switched Telephone Network)

A traditional circuit-switched telephone network.

RAN (Radio Access Network)

A component of a wireless telecommunications system that provides the connection between base stations and customer equipment through radio communication.

SMS (Short Message Service)

A service enabling the exchange of information via short text messages.

UMTS (Universal Mobile Telecommunications Service)

UMTS is a third-generation mobile communication system. It uses Wideband Code Division Multiple Access (W-CDMA) radio access technology to provide mobile network operators with greater spectral efficiency and bandwidth.

VDSL (Very High-Speed Digital Subscriber Line)

A digital subscriber line (DSL) technology that provides faster data transfer than ADSL. VDSL can support applications such as high-quality television, as well as telephone services (voice over IP) and general internet access through a single telephone line.

VoIP (Voice over Internet Protocol)

A technology allowing voice calls using a broadband internet connection instead of a traditional (or analog) phone line.

VoLTE (Voice over LTE)

A technology that allows voice calls to be made over the 4G LTE network, providing high-quality calls and enabling the simultaneous use of voice and data services.

b. Other terms:

“Accounting Standards”	International Financial Reporting Standards promulgated by the International Accounting Standards Board (“ IASB ”) (which include standards and interpretations approved by the IASB and International Accounting Standards issued under previous constitutions), together with its pronouncements thereon from time to time, and applied on a consistent basis;
“Applicable Law”	all applicable statutes, laws, ordinances, rules and regulations of the Republic of Armenia, treaty having the force of law, judgment, common or customary law or similar governmental restriction or directive of a general nature by any authority of the Republic of Armenia, in each case, as amended, re-enacted or replaced from time to time;
“AMD”	the lawful currency of the Republic of Armenia;
“Auditors”	PricewaterhouseCoopers, KPMG, Ernst & Young or Deloitte or such other firm of international repute that the Issuer appoints from time to time;
“Bondholders”	investors who are entitled to rights under the Bonds;
“Bonds”	senior unsecured SLBs issued and publicly offered by the Issuer in the amount of up to USD 75 million under this Program Prospectus and the Sustainability-Linked Bond Framework of the Issuer, in series of issuances;
“Business Day”	a day when banks are open for business in Yerevan, Armenia;
“Calculation Period”	has the meaning ascribed to it in Subsection 2.6.4.2 (g) of this Program Prospectus;
“Cash”	cash on hand and demand deposits;
“Cash Equivalents”	short-term, highly liquid investments that are readily convertible to known amounts of Cash and which are subject to an insignificant risk of changes in value;

“Change of Control”	means that (i) any person or group of persons acting in concert or under an express or implied agreement or understanding, other than the Parent, directly or through one or more intermediaries, shall acquire more than 17.5% of both the economic and voting interests in the Issuer’s share capital, (ii) any person or group of persons acting in concert or under an express or implied agreement or understanding, other than the Ultimate Beneficiaries directly or through one or more intermediaries, shall acquire any economic and voting interests in the Parent’s share capital, (iii) any person or group of persons acting in concert or under an express or implied agreement or understanding, other than the Parent (or, in respect of the Parent, the Ultimate Beneficiaries), directly or through one or more intermediaries obtains the power (whether or not exercised) to elect a majority of the board of directors and/or appoint the collegial or sole executive body of the Issuer and/or the Parent, (iv) the majority of directors who constitute the board of directors and/or collegial executive body of the Parent or of the Issuer, as the case may be, at any one time is replaced, (v) a “change of control” (however described) or similar event occurs under any loan or preferred stock documentation relating to the Issuer or the Parent, or (vi) all or substantially all assets of the Issuer are sold;
“Charter”	articles of association of the Issuer;
“Class “A” Common Shares”	registered common nominal shares of the Issuer that are listed on the Armenia Stock Exchange;
“Class “B” Common Shares”	registered common nominal shares of the Issuer fully owned by the Parent;
“Derivative Transaction”	any swap agreement, cap agreement, collar agreement, futures contract, forward contract or similar arrangement with respect to interest rates, currencies or commodity prices;
“EBITDA”	has the meaning ascribed to it in Subsection 2.6.4.2(g) of this Program Prospectus;
“Event of Default”	any one of the events specified in Subsection 2.6.5.1 of this Program Prospectus ;
“Financial Indebtedness”	has the meaning ascribed to it in Subsection 2.6.4.2(g) of this Program Prospectus ;
“Financial Lease”	any lease or hire purchase contract which would, under the Accounting Standards, be treated as a finance or capital lease;
“Financial Year”	the accounting year of the Issuer commencing each year on 1 January and ending on 31 December;

“Insurances”	the contracts and policies of insurance taken out by or on behalf of the Issuer in accordance with Appendix 4 (<i>Insurance Requirements</i>) or (to the extent of its interest) in which the Issuer has an interest;
“Material Change”	means any material change for the purposes of the Securities Market Law and the regulations of the Central Bank of Armenia, such as material changes of information included in this Program Prospectus or new material facts or events occurring, including a Change of Control;
“Material Adverse Effect”	a material adverse effect on: <ul style="list-style-type: none"> (a) the Issuer, the Parent or any of its assets or properties; (b) the business, prospects or financial or environmental and social condition of the Issuer; (c) the carrying on of the business or operations of the Issuer or the Parent; (d) the ability of the Issuer to comply with its obligations under this Program Prospectus;
“Material License”	(i) each of License No. 60 (Right and obligation to operate a public electronic communication network) and license KH No. 311 (License for network operator activities);
“Minimum Cash Requirement”	at all times USD 2,500,000 until December 12, 2025, USD 5 million until December 31, 2026, USD 10 million until December 31, 2027, USD 25 million until December 31, 2028 (after giving effect to redemption), provided that any cash used by the Issuer to repurchase and cancel bonds on the secondary market is deducted from the Minimum Cash Requirement;
“Net Debt to EBITDA Ratio”	has the meaning ascribed to it in Subsection 2.6.4.2(g) of this Program Prospectus;
“Net Income”	for any Calculation Period, the excess (if any) of gross income over total expenses (provided that income taxes shall be treated as part of total expenses) appearing in the financial statements for such Calculation Period;
“Permitted Financial Indebtedness”	(a) program for the issuance of the Bonds;
	(b) Senior Term Loans, provided that such loans will be fully prepaid not later than on the day of SLB placement closure;
	(c) Financial Indebtedness in respect of the deferred payment for equipment (inventory) acquired in the ordinary course of trading;
	(d) bank guarantees of up to USD 4 million obtained exclusively for the Issuer’s key operations, with the condition that in the Event of Default, sum of the bank guarantees obtained or to be obtained shall

be paid after full redemption of outstanding Bonds amount, to the extent permitted by the Applicable Law;

provided that the Issuer's payment obligations under all Permitted Financial Indebtedness (other than the program for the issuance of the Bonds and the Senior Term Loans) rank at least *pari passu* with the claims of the Bondholders;

“Program Prospectus”

means the prospectus prepared in connection with the issue and offering of series of the Bonds, which comprises a program prospectus for the purposes of the Securities Market Law;

“Quarter Date”

has the meaning ascribed to it in Subsection 2.6.4.2(g) of this Program Prospectus;

“Sanctions”

any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by the United Nations Security Council, the European Union, the United Kingdom or the United States of America;

“Security Interest”

any mortgage, pledge, charge, assignment, hypothecation, security interest, title retention, preferential right, trust arrangement, right of set-off, counterclaim or banker's lien, privilege or priority of any kind having the effect of security, any designation of loss payees, additional named insureds or beneficiaries or any similar arrangement under or with respect to any insurance policy or any preference of one creditor over another arising by operation of law, regulation, judgment, order or requirement;

“Senior Term Loans”

collectively:

- (a) the loan made by IFC to the Issuer under the IFC loan agreement, dated May 26, 2022, or, as the context requires, the principal amount of the loan from time to time outstanding;
- (b) the loan made by EBRD to the Issuer under the EBRD loan agreement, dated May 26, 2022, or, as the context requires, its principal amount from time to time outstanding;
- (c) the term loan made by Ameriabank to the Issuer under the Ameriabank loan agreement, dated May 26, 2022, or, as the context requires, the principal amount of the loan from time to time outstanding, and each bank guarantee claim deemed loan thereunder;

“SPT”

predefined, measurable goals set by the Issuer, aimed at improving environmental, social, or governance (ESG) outcomes;

“Subsidiary”

an entity of which a person has direct or indirect control or owns, directly or indirectly, more than 50% of the voting capital or similar right of ownership, and “control” for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise;

“Sustainability-Linked Bond Framework”	a set of guidelines outlining the principles for issuing the Bonds linked to the Issuer’s achievement of the SPTs;
“Ucom Proceedings”	any legal, administrative, governmental, arbitration or regulatory proceedings or investigation involving Ucom, in which the Parent and/or any Subsidiary of the Parent is involved as a respondent and/or interested/affected third party;
“USD”	the lawful currency of the United States of America.

Appendix 4: Insurance Requirements

1. CONSTRUCTION WORKS (will be required when the construction costs or value of the assets under construction are equal or exceed USD 10 million).
 - a. Construction policy (Erection/Construction All Risks), owner-controlled, based on full contract value and including:
 - (i) Strike, Riot & Civil Commotion
 - (ii) Debris Removal
 - (iii) Extra Expenses
 - (iv) Extended Maintenance Period
 - (v) Third Party Liability
 - b. Marine Cargo (including war) on transportation of key plant/equipment.

2 ONGOING AND FUTURE OPERATIONS

- (a) Property Damage policy fire and named perils (including natural perils, and Strike, Riot & Civil Commotion) based on new replacement cost of assets.
- (b) Business Interruption policy following a claim under paragraph 2(a) above.
- (c) Public Liability policy with a minimum limit of USD 1 million per occurrence.
- (d) Open Marine inland transit insurance.

AT ALL TIMES

All Insurances required by the Applicable Laws.