HLB BULGARIA

Annual Separate Management Report
Non-Financial Statement
Independent Auditor's Report
Annual Separate Financial Statements

KOZLODUY NPP EAD

31 December 2020

"АЕЦ КОЗЛОДУЙ" ЕАД

Contents

GENERAL INFORMATION

Board of Directors as at the date of the financial statements

Jacklen Cohen - Chair of the Board of Directors;

Nasko Mihov - Member of the Board of Directors and CEO;

Ivan Yonchev - Member of the Board of Directors.

Address

Bulgaria

Kozloduy 3321, Vratsa District

Servicing banks

Investbank AD

International Asset Bank AD

DSK Bank EAD

United Bulgarian Bank AD

Municipal Bank AD

First Investment Bank AD

UniCredit Bulbank AD

Eurobank Bulgaria AD

Central Cooperative Bank AD

Bulgarian American Credit Bank AD

Allianz Bank Bulgaria AD

D Commerce Bank AD

Auditor

HLB Bulgaria OOD

Management Report

of Kozloduy NPP EAD

01 January 2020 - 31 December 2020

This management report was prepared in compliance with the provisions of art. 39 of the Accountancy Act and art.187e, art.247, para.1, 2 and 3 of the Commercial Act. The management report contains the information required pursuant to Appendix No.10 of Regulation 2 of the Financial Supervision Commission, relating to persons under & 1e of the Additional provisions of the Public Offering of Securities Act, on the grounds of art.100o, para.7, i.2 of the Public Offering of Securities Act. The management report contains also non-financial information pursuant to art.48, para.1 and para.2 of the Accountancy Act.

Kozloduy NPP EAD (hereinafter referred to as 'the Company') management report is an objective review, presenting truly and fairly the development and the results of the Company activities, as well as its position, together with a description of the major risks it faces.

The report presents commentary on and analysis of the financial statements and other significant information on the financial position, and the operating results of Kozloduy NPP EAD. It covers the period from 01 January to 31 December 2020.

The separate financial statements presented by Kozloduy NPP EAD were prepared on the grounds of the International Accounting Standards, the Accountancy Act. It conforms to the current legislative and sublegislative normative acts. The separate financial statements were prepared in accordance with the integrated accounting policy approved by the Company.

1. General information

Corporate name	Kozloduy NPP EAD
UIC	106513772
Address	Bulgaria Vratsa District Kozloduy 3321
Principal activities	– Using nuclear power to generate electricity and heat energy. For the execution of these activities the Company holds and maintains: a valid licence for generation of electricity and heat energy by the electricity generating facility as defined therein; valid licences to operate nuclear facilities, as per the Safe Use of Nuclear Energy Act (SUNEA), issued by the Nuclear Regulatory Agency (valid permit for generation activity by the generating facility as defined by the licence, issued by the Inspectorate on

the Safe Use of Atomic Energy for peaceful purposes);

– Import and export of fresh and spent nuclear fuel;

– Investment activities, related to the Company's activities as defined under the Company's principal business;

– Construction, installation and maintenance in the fields of electrical and heat energy generation;

– Sales of high- and medium-voltage electrical energy and sales of heat energy;

– Operation of radioactive waste management facilities, holding a valid licence pursuant to the Safe Use of Nuclear Energy Act (SUNEA).

Directors

As at 31 December 2020, the Company is managed by the Board of Directors (BoD), consisting of:

Jacklen Cohen - Chair of the Board of Directors;

Nasko Mihov - Member of the Board of Directors and CEO;

Ivan Yonchev - Member of the Board of Directors.

Management

Kozloduy NPP EAD is a joint stock company, established by virtue of Decision No. 582 of year 2000 of Vratsa District Court. The registered office of the Company is in the town of Kozloduy, Vratsa District, Bulgaria. The Company was set up as a joint stock company on 28 April 2000 with a sole owner - the Republic of Bulgaria through spin-off from Natsionalna Elektricheska Kompania EAD (NEK EAD). In accordance with the Separation Protocol of Kozloduy NPP branch and GUP Atomenergoinvest, Kozloduy, compiled and based on the available accounting records dated 28 April 2000, the Company is legal successor of the respective portion of the assets and liabilities of NEK EAD, Sofia.

Bulgarian Energy Holding EAD is the sole owner of the Company share capital as at 31 December 2020. The Company's ultimate owner is the Republic of Bulgaria through the Ministry of Energy.

The Company has a one-tier management system and is managed by a Board of Directors consisting of three members.

As at 31 December 2020 the Company's share capital amounts to BGN 244,584,890 allocated in 24,458,489 ordinary, registered, voting shares at BGN 10 par value per share. All ordinary shares are fully paid.

Licences

The Company holds the following licences:

– Licence for operation of a nuclear facility, issued by the Bulgarian Nuclear Regulatory Agency (NRA) - Serial No. E, Registration No. 5303, dated 03 November 2017, valid as of 06 November 2017, for the operation of Kozloduy NPP EAD Unit 5. Licence validity - 06 November 2027;

– Licence for operation of a nuclear facility, issued by the NRA - Serial No. E, Registration No. 5535, valid as of 03 October 2019, for the operation of Kozloduy NPP EAD Unit 6. Licence validity - 03 October 2029;

– Licence for generation of electricity and thermal power No. A-049-03/11.12.2000, valid for thirty years - until 11 December 2030;

– Licence for transmission of heat energy No. 050-05/11.12.2000, valid for thirty years - until 11 December 2030;

– Licence, issued by the NRA, Serial number И-11024, Registration No. 04358, dated 01 April 2014, (amended by Orders No. AA-04-1/27.01.2016, No. AA-04-132/29.08.2018, and No. AA-04-171/27.10.2020), for the use of sources of ionizing radiation for commercial purposes – performing non-destructive testing with radiation methods. Licence validity - 31 March 2024;

– Licence, issued by the NRA, Serial No. И-1708, Registration No. 04366, dated 08 April 2014, (amended by Order No. AA-04-106/10.07.2020), for the use of sources of ionizing radiation for commercial purposes – performing radiochemical control, radiological environmental monitoring, and metrological control. Licence validity - 07 April 2024;

– Licence, issued by the NRA, for transportation of radioactive substances, Serial No. T-14002, Registration No.04435, dated 30 June 2014, (amended by Order No. AA-04-78/01.06.2020). Licence validity - 11.07.2024;

– Licence for trading in electricity No. A-216-15/18.12.2006 - until 18 December 2026;

– Licence, issued by the NRA, Serial No. CO, registration No. 5125 dated 05 October 2016 (amended by Order No. AA-04-126/24.08.2018) for conducting specialised training in activities in nuclear facilities and activities involving ionizing radiation sources which have an impact on safety, for issue of practising certificates to professionals working in nuclear facilities and with ionizing radiation sources, apart from the ones stipulated in art. 64, para. 1, items 1 and 2 of the SUNEA. Licence validity - 05 October 2021;

– Licence for operation of a nuclear facility, issued by the NRA, Serial No. E, Registration No. 04441 dated 25 June 2014, for the operation of Kozloduy NPP Spent Fuel Storage Facility. Licence validity - until 25 June 2024;

– Licence for operation of a nuclear facility, issued by the NRA, Serial No. E, Registration No. 5016 dated 28 January 2016, for the operation of Kozloduy NPP Dry Spent Fuel Storage Facility for storing VVER-440 spent fuel. Licence validity - 28.01.2026;

Auditor **HLB Bulgaria OOD**

Basis for the preparation of the financial statements

– The financial statements have been prepared on a historic cost basis.

– The financial statements are presented in Bulgarian Leva (BGN) and unless otherwise stated, all disclosed amounts are rounded up to the nearest BGN thousand.

– The Company prepares its financial statements in accordance with the requirements of the International Financial Reporting Standards endorsed by the European Union.

– In conformance with the requirements of Art. 31 of the Accountancy Act, the Company also prepares consolidated financial statements. The annual financial statements are published in the Trade Register no later than 30 September of the next year pursuant to Art. 38 of the Accountancy Act.

– Kozloduy NPP EAD operates in conformance with the Bulgarian legislation.

1.1. Management's responsibilities

The management confirms that it has applied adequate accounting policies in preparing the annual separate financial statements as at 31 December 2020, and that they have been prepared under the going concern principle.

The management is responsible for keeping proper accounting records, for the expedient asset management and for undertaking all requisite actions to prevent and detect possible fraud and other irregularities.

1.2. Information required under Art. 187e and Art. 247 of the Commercial Act (CA)

➢ **Information required under Art. 187e of the Commercial Act (CA)**

In accordance with Art. 187e of the CA, the Company must provide in its Management Report information on:

a/ The number and par value of the treasury shares acquired and transferred within the year, the portion of the capital that they represent, and the price at which the acquisition or transfer was concluded;

b/ The grounds on which the acquisitions were concluded within the year.

The Company has not acquired and/or transferred any treasury shares in 2020.

c/ The number and par value of the treasury shares held by the Company and the portion of capital that they represent.

The Company does not hold any treasury shares.

➢ **Information, required under Art. 247, para. 2 of the CA**

a/ Information on the remuneration of the Board of Directors of Kozloduy NPP EAD, as disclosed under the signed management and control contracts.

In thousands of BGN	Statements as at 31.12.2020	Statements as at 31.12.2019
Salaries, including bonuses	326	344
Social security costs	26	30
Social costs	33	32
Compensations		(6)
Tantièmes		37
Total short-term remuneration	385	437

b/ Information on the Company's shares, acquired and held by the Members of the Board of Directors.

The members of the Board of Directors do not hold any shares in the Company. No privileges or exclusive rights to acquire Company's shares and bonds are provided to the members of the Board of Directors.

c/ Information on the participation of the members of the BoD as general partners in commercial entities, information on the ownership of over 25 percent of the capital of another entity, as well as information on their participation in the management of other entities, or cooperatives, as procurators, managers, or members of boards (in accordance with the requirements of Art. 247, para. 2, i.4 of the CA).

Nasko Asenov Mihov – CEO and a member of the Board of Directors of Kozloduy NPP EAD. He is a member of the Board of Directors of Kozloduy NPP - New Build, UIC 202058513.

Jacklen Yosif Cohen - member of the Board of Directors of Kozloduy NPP EAD. He participates in the following commercial entities:

- Bulgarian Energy Holding EAD UIC 831373560 - CEO and member of the Board of Directors.
- ContourGlobal Operations Bulgaria AD UIC 123559633 - representative and member of the Board of Directors.
- South Stream Bulgaria AD UIC 201355554 - member of the Board of Directors.

Ivan Todorov Yonchev - member of the Board of Directors of Kozloduy NPP EAD. He participates in the following commercial entities:

- Natsionalna Elektricheska Kompania EAD UIC 000649348 - CEO and member of the Board of Directors.
- ZAD Energia UIC 831040933 - member of the Board of Directors.
- Allianz Bulgaria Pension Company UIC 121050885 - member of the Supervisory Board.

d/ Information on the contracts under art. 240b of the Commercial Act concluded during the year:

- No shares or bonds of the Company were acquired or transferred by the members of the BoD.

- No contracts were concluded during the reporting period by and between the members of the BoD or parties related to them, which go beyond the Company's ordinary activities or which significantly deviate from the market conditions.

1.3. Personnel

As at 31 December 2020, the number of the staff employed by the Company under employment contracts is 3,674, allocated in categories, as follows:

Total personnel, employed under employment contracts, including	Statements as at 31.12.2020	Statements as at 31.12.2019	% change
Managers	478	463	3.2%
Specialists	1,057	1,028	2.8%
Technicians and associate professionals	854	873	-2.2%
Administrative Assistance Personnel	208	246	-15.4%
Personnel, engaged in providing services to the population, trade and security	85	84	-2.2%
Qualified workers and the professionals associated with them	770	784	-1.8%
Machine operators and assembly installers	154	171	-9.9%
Professions, which do not require special qualifications	68	73	-6.8%
TOTAL	3,674	3,772	-1.3%

1.4. Legal and arbitration proceedings

Kozloduy NPP EAD is not a party under any legal, administrative or arbitration proceedings, associated with liabilities or receivables of the Company, with financial interest amounting to at least 10 percent of its equity.

1.5. Research and development

During the reporting period no surveys were conducted and no projects were implemented in the fields of Research and Development.

1.6. Participations in subsidiaries and other investments

1.6.1. Subsidiaries

- **Kozloduy HPP EAD**

Kozloduy NPP EAD is the sole owner (100%) of the capital of Kozloduy HPP EAD, comprised of 1,082 ordinary, registered, materialised, voting shares, at BGN 1,000 par value per share.

Kozloduy HPP EAD is registered at Vratsa District Court under Company file No. 495 of year 2004, with the purpose of building a Hydro Power Plant, generation and distribution of electric power generated by a small Hydro Power Plant in order to utilise the residual power generating capacity of treated water from Kozloduy NPP EAD.

Pursuant to a decision of BEH EAD dated 7 November 2008, contract No.880080 dated 07.11.2008 was signed by and between the Company and Kozloduy HPP EAD for the provision of a credit line of BGN 20,000 thousand. The credit line's maturity is 2020. With Decision i. II.15.1 dated 12.07.2012 the Board of Directors of BEH EAD authorised Kozloduy NPP EAD to re-negotiate the contracted terms and conditions under Contract Agreement for Credit line No.880080 dated 07.11.2008 and Annex No. 810000003 dated 06.11.2011. An Annex to the Contract Agreement was signed on 26.09.2012 for the provision of an additional amount of BGN 2,000 thousand. The maturity of the latter is 2021, and the loan repayment started on 15.01.2013. With Decision i. II.3.1, dated 29.03.2013, the Board of Directors of BEH EAD authorised the signing of Annex No.3 by and between Kozloduy HPP EAD and Kozloduy NPP EAD, which amended the contracted clauses related to: extension of the fund's utilisation deadline - until commissioning of Kozloduy HPP, Outlet channel-1, but not later than 30.06.2013; maturity - until 15.07.2021; time frames of the repayment instalments, with the repayment beginning on 15.07.2013; due interest on the borrowed funds - increase of the base interest rate + 2.5% margin. With Decision i. II.6.1, dated 12.01.2015, the Board of Directors of BEH EAD authorised the signing of Annex No. 4 by and between Kozloduy HPP EAD and Kozloduy NPP EAD, which amended the contracted clauses related to: extending the loan's maturity - until 15.01.2024; increasing the number of the repayment instalments - 22 instalments.

- **Kozloduy NPP - New Build EAD**

Kozloduy NPP EAD is the sole owner (100%) of the capital of Kozloduy NPP - New Build EAD, comprised of 1,680,000 ordinary, registered shares, at nominal value of BGN 10.00 each.

Kozloduy NPP - New Build EAD is a single-shareholder joint stock company, registered in the Commercial Registry of the Registry Agency on 09.05.2012, with UIC 202058513. The Company has its registered office at: NPP site, Kozloduy, Kozloduy Municipality, Vratsa District. The Company's registered capital amounts to BGN 16,800 thousand.

Pursuant to Decision No. 28, dated 09.06.2015 and Decision No. 36, dated 07.07.2015 of the Company's Board of Directors, it was decided to simultaneously decrease the capital of Kozloduy NPP - New Build EAD by cancellation of 135,100 ordinary, registered, voting shares at nominal value of BGN 10 each, and increase of the capital with BGN 1,351,000 by subscribing 135,100 new, ordinary, registered, voting shares, with total nominal value of BGN 1,351,000 by consideration in cash.

Pursuant to Decision No. 28, dated 18.11.2020 of the Company's Board of Directors it was decided to simultaneously decrease and increase the capital of Kozloduy NPP - New Build EAD, as follows: The capital is decreased from BGN 14,000,000 to BGN 9,800,000 by cancellation of 420,000 ordinary, registered shares, at nominal value of BGN 10 each. The decrease of the capital is carried out in order to cover the accumulated loss as of 31.12.2020 in the amount of BGN 4,200,000. The increase of the capital from BGN 9,800,000 to BGN 16,800,000 by issuing 700,000 ordinary, registered, voting shares, at nominal value of BGN 10 each and taking over these shares by Kozloduy NPP EAD.

➢ **Interpriborservice OOD**

The Company has a controlling interest of 63.96% in Interpriborservice OOD, Kozloduy, holding seventy-one shares of its capital, which is comprised of 111 shares at nominal value of BGN 100 each. The investment is measured at acquisition cost - a total of BGN 79 thousand. The transactions with this company relate to deliveries of assets, supplies related to assets' modernisation and reconstruction, as well as purchases of materials and hired services.

Interpriborservice OOD was set up pursuant to a Decision No.55, dated 13.04.1988, of the Council of Ministers, as a specialised entity for installation, setting up, maintenance and technical servicing of automated process control systems, supply of instrumentation, equipment and spare parts for NPP, TPP, and others. The partners in the company are Russian and Ukrainian entities, operating in the energy sector.

1.6.2. Other investments

➢ **ZAD Energia**

The Company has a share of 1.12% of the capital of ZAD Energia Insurance Company. The value of the investment as at 31 December 2020 amounts to BGN 510 thousand.

1.7. Branches of the Company

The Company does not have any branches.

2. Activity overview

In the past 2020, Kozloduy NPP maintained stable financial position, despite the complex socio-economic situation in connection with the COVID-19 pandemic.

In the conditions of unprecedented epidemic situation and decline of the economic activity in the country, the Management of the Company managed to ensure safe energy generation and sustainability of the finances.

The emergency situation has given rise to a number of requests by electricity traders for re-negotiations of the parameters (quantities/prices) under signed exchange transactions, incl. refusal to accept contracted quantities under long-term contracts to a significant extent, in violation of the provisions in force. They are redirected to the hourly markets, partially realised at significantly lower prices.

Achieving safe operation of the nuclear power units, the fulfilment of the investment projects for the long-term operation and power uprate of the nuclear units was financially secured with the Company's own financial resources, without using external financing.

The changes in the regulatory environment in 2020, having a direct impact on the Company's activity, are as follows:

– After a series of amendments to the Energy Act in the period 2018 - 2020 (change of the market model and the introduction of exchange trading as the only and mandatory market mechanism for all electricity producers with installed capacity of 1 and over 1 MW, including renewable energy) there is a serious growth in the traded quantities on the Day ahead spot market (DAM). The new amount of obligation for the producers - the access price is BGN 2.26/MWh. The price applies to the total net production including the energy settled on the balancing market in the form of surplus.

– In the middle of January, the Commitments to the EC ensuing from case AT-39767-BEH-Electricity are being fulfilled for the last - fifth year now, with increased mandatory loads to be offered at the Day Ahead hourly market (DAM) by the generating companies within the BEH EAD.

– By Decision Ц-29/01.07.2020 of the EWRC, for the regulatory period 01.07.2020 - 30.06.2021 the price for the electricity generated by Kozloduy NPP EAD was fixed at BGN 54.77 / MWh and the quota for a regulated market was set at 2,880,000 MWh (including the 2,380,000 MWh quota for the end suppliers under Art. 21, para 1, item 21 of the Energy Act and additional 500,000 MWh were defined for the needs of NEK's Pumped-Storage Hydroelectrical Power Station (PHS), outside the scope of the provisions of the Energy Act).

– The highly unequal monthly distribution of the Kozloduy NPP quota (from 1,150 MW in January to 123 MW in June) has had an unfavourable effect on the market sales.

– By virtue of Decision Ц – 28/01.07.2020 of the EWRC, the new price of the heat energy is fixed at BGN 44.72/MWh for the regulatory period 01.07.2020 - 30.06.2021.

Generation and sales of electricity

The production activity for 2020 was successful. The nuclear power plant surpassed its peak of 2019 and achieved a new production record in its history, generating 16,625,765 MWh of electricity in compliance with all the requirements for safe operation. During this year units 5 and 6 operated steadily at uprated thermal power level.

The performance indicators for the Company which characterise its specific nature are presented in the table below:

Indicators	Statements as at 31.12.2020	Statements as at 31.12.2019
LF 1)	91.00	91.73
UCF 2)	89.45	89.68
UCLF 3)	0.15	0.30
GRLF 4)	0.00	0.00

1) LF - Load Factor
2) UCF- Unit Capability Factor
3) UCLF- Unit Capability Loss Factor
4) GRLF – Grid Related Loss Factor

The LF indicator has lower values due to the longer planned stay for MARA of Unit 5, the unloading of the units for commercial reasons (large amount of unsold electricity on the hourly DAM) and operation of Unit 6 at reduced power at the end of the year. The LF value reflects the nuclear units optimum operation trend. The UCF value above 85% indicates very high level of reliability and efficiency, in view of the WANO criterion (UCF > 85 %). The value of the UCLF indicator reaches up to 3% which indicates high level of reliability and efficiency at the plant. No grid-related losses have been registered in 2020 under the EA and REESM (GRLF indicator).

.The table below summarises the electricity generation, sales and revenue data in 2020, compared to 2019:

Indicator	Statements as at 31.12.2020	Statements as at 31.12.2019	% change
Generation MWh			
Gross electricity generation	16,625,765	16,555,288	0.4%
Electricity sales, incl.:	15,810,858	15,742,719	0.4%
At regulated prices	2,953,594	2,441,324	21.0%
At unregulated prices (exchange and balancing market)	12,833,526	13,279,353	-3.4%
Sales (Energy Act, art.119)	23,738	22,042	7.7%

The spread of COVID-19 and the measures taken to limit it have had a negative effect on the electricity market. The Company was facing a serious test for the sale of electricity under conditions of instability and high price dynamics.

The total amount of electricity sold by Kozloduy NPP in 2020 is by 0.4% higher compared to 2019 as a result of the registered production growth (0.4%).

The ratio between the sales at the regulated and the non-regulated market segment (including under Art. 119 of the EA) in 2020 is 18.7%/81.3 %, respectively.

The sales at regulated prices for 2020 exceeded the sales for 2019 by 21% in view of the additional supplies to the NEK's PHS identified by the EWRC for the regulatory period 01.07.2020-30.06.2021.

The electricity volumes sold at freely-negotiated prices are by 3.4% lower compared to 2019.

In 2020, there appeared significant changes in the structure and volumes of the sales in the non-regulated market segment. The long-term products typical for a basic nuclear producer with a delivery period in 2020 are of 2.7 times (-62.1%) lower volume compared to the previous year. For the first time, the sales on the short-term hourly Day Ahead Market have dominated, where a 3.2 times higher volume of exchange transactions is realised (+ 214%) compared to 2019. The sales in the hourly DAM segment marked a growth mainly as a result of the sales of rejected considerable volumes under long-term contracts, due to the emergency situation caused by the COVID-19 virus. Growth of the sales in the Intraday Market (IDM) hourly segment is reported, mainly due to the selling of rejected volumes under long-term contracts for the period March-April, as well as under current imbalances optimisation transactions. The impossibility for outright selling of large volumes on the hourly markets within short period led also to a higher share of the excessive amounts settled on the balancing market.

The sales of electricity outside the exchange market, regulated by the Energy Act have a minimum share.

The fresh nuclear fuel supplies for Units 5 and 6 are accomplished in conformity with the contractual terms.

One shipping of spent nuclear fuel from the VVER-1000 reactors is carried out to Russia, for further storage and reprocessing.

Generation and sales of heat energy

In 2020, the Company produced 152,138 MWh of heat energy, which is by 17% less compared to the same period of 2019. The total volume of heat energy consumed on site and in the town of Kozloduy was 75,064 MWh, which is by 3,488 MWh (-4.4%) below the reported amount in the previous year, as a result of the decreased consumption due to more favourable weather conditions.

Programme to maintain and enhance safety

As the holder of the licences for operation of nuclear facilities, Kozloduy NPP EAD bears the full responsibility for ensuring and managing the safety of these nuclear facilities.

Nuclear safety and radiation protection in the conditions of long-term operation of nuclear facilities in accordance with the licenses issued by the Nuclear Regulatory Agency is a top priority for the Company.

Kozloduy NPP EAD nuclear facilities are operated in compliance with the terms and conditions of the Licences for operation of power units 5 and 6, SFSF and DSFSF, issued by the NRA. The Company maintains licences to use sources of ionizing radiation, licences to transport radioactive substances, and licences to conduct specialised training.

There are no actuation of the reactor protection systems of Units 5 and 6 during the reporting period.

The plant radiological environmental monitoring is stipulated in Kozloduy NPP EAD long-term programme for radioecological monitoring. No deviations of the radiological indicators above the admissible levels are registered during the reporting period. The results achieved in 2020 show that the equivalent dose rate of gamma-radiation varies within the limits of the natural background radiation (0.05÷0.17)μSv/h. The values, measured along the boundaries of the industrial site and in the towns and villages within the 100-km zone, are fully comparable.

Kozloduy NPP EAD is actively involved in activities dedicated to environmental protection in all its aspects. The plant, as an operating organisation, holds 12 permits, issued by the Bulgarian Ministry of Environment and Water and its administrative bodies. The total amount of CO2 emissions generated in 2020, according to the Company's Report on reporting yearly emissions, amounts to 471 tons. The necessary number of emission permits were ensured on the account of Kozloduy NPP EAD in the National Register of Greenhouse Gas Emissions Quota Trading. All samples were taken under the implemented programmes for internal non-radiation water monitoring. The results of the studies made were sent to the RIEW and the Danube Region Basin Directorate. The tests performed did not establish any exceeding of the individual emission limits set in the environmental permits.

Implementation of the Maintenance Programme

In 2020, all the necessary activities were carried out to ensure the operability, reliability of the equipment and safe operation of the nuclear facilities.

The scheduled annual outages with refuelling of the Units 5 and 6 reactors were performed in 42 and 32 calendar days respectively, considered as of the stopping of the turbo-generator until it was back in parallel with the grid.

The following core activities scheduled in the maintenance programme were performed in 2020, as per the licensing commitments of the Company for the operation of nuclear facilities:

- Maintenance and preventive maintenance of structures, systems and components (SSCs);

- Maintenance, examination and preventive maintenance of major and auxiliary equipment (SSCs of safety systems; systems important to safety and to production) of Units 5 and 6;

- Corrective maintenance - the defects that occurred on equipment and components, identified during operation, periodic checks and tests, shift walkdowns, periodic inspections, etc., have been assessed and removed in good time, in accordance with the priorities and the process conditions (limitations);

- Maintenance of common plant facilities - the planned scopes for preventive maintenance, maintenance and repairs of the common plant equipment in the Spent Fuel Storage Facility, Switchyard, Bank Pump Station, Hydro-Engineering Facilities and Civil Structures, and the Heat Supply Department, were performed in accordance with the approved schedules in the different structural units.

The required preventive actions to minimise the impact of unfavourable weather conditions and to ensure safe operation of Units 5 and 6 have been carried out in conformity with the approved plant documents. The scheduled activities (35 in number) were implemented under summer weather conditions. The scheduled 85 measures for preparation and safe operation of Units 5 and 6 during winter season were implemented in a timely manner.

The value of the activities implemented under the Kozloduy NPP EAD Maintenance Programme for 2020 amount to BGN 70,694 thousand, including BGN 3,183 thousand for maintenance activities of investment nature.

Implementation of the Investment Programme

For 2020, the reported investment costs secured by self-financing amount to BGN 85,817 thousand. These are allocated per types of activities, as follows:

- construction and installation works (CIW) - BGN 17,949 thousand;

- plant and equipment (PE) - BGN 61,258 thousand;

- Project related research and studies (PRS) - BGN 6,542 thousand;

- Other costs - BGN 68 thousand;

A major priority in the Investment Programme (IP), as part of the Business Programme of the Company, is the implementation of measures resulting from the requirements of the Safe Use of Nuclear Energy Act and the licences for the operation of Units 5 and 6, and the spent fuel storage facility, as well as maintaining and constant enhancement of safety, quality and security at Kozloduy NPP EAD.

Over 74% of the total reported investment costs are for the implementation of measures related to safety, reliability and efficiency in the operation of Units 5 and 6 and improving the operation of facilities and equipment to ensure long-term operation of the nuclear power units. Along with these important measures other investment activities were also carried out to ensure the normal operation of the common plant facilities supporting the production activity.

The implementation of investment measures under the priority measures of the Company, systematised and subject to implementation, in accordance with the developed work programmes continues, as follows:

- Implementation of measures included in the integrated programmes for enhancement of safety of Units 5 and 6, ensuring long-term operation (LTO) of Units 5 and 6.
- Implementation of technically justified measures to ensure the reliable operation of the reactor installations of Units 5 and 6 at uprated power.
- Implementation of measures planned for maintaining and enhancing safety at Kozloduy NPP, in compliance with the requirements of SUNEA and the licences.
- Implementation of investment activities for current maintenance of the units and the auxiliary facilities and infrastructure.

The value of the fixed assets put into operation during the year amounts to BGN 55,278 thousand.

Financial results for 2020

During the past 2020, the Business and Financial Management Policy pursued by the Management of Kozloduy NPP EAD was focused on achieving economically efficient and competitive electricity generation while ensuring the highest level of safety, maintaining stability, and always striving for improvement in the financial status.

The Company ended the year 2020 with net profit to the amount of BGN 275,810 thousand (a profit of BGN 324,892 thousand was recognised for the year 2019), with cash and cash equivalents to the amount of BGN 485,106 thousand (395,583 thousand for 2019). The excellent results are based on the record volume of electricity generated from the commissioning of Unit 5 and 6 to the present moment, better collectability of sales revenues, and effective management of expenditure.

For 2020, the operating income from the Company's operation amounts to BGN 1,272,241 thousand, or by BGN 55,558 thousand (4.2%) below the reported for 2019. The lower amount of revenues is due to the deteriorating market situation resulting from the spread of the COVID-19 virus. Revenues from electricity are formed by:

Regulated market - The reported revenues from electricity sold to the Public Supplier NEK EAD amount to BGN 160,379 thousand and marked an increase of 21.8% more than the reported in 2019, due to higher quantities of electricity and the higher price set by the EWRC.

Non-regulated market - The revenues from the sale of electricity at non-regulated prices amount to BGN 1,094,122 thousand, which is by 7.2% (BGN 85,054 thousand) below the amounts reported for 2019, despite the achieved better performance indicators. The decrease is due to the change in the structure of market sales (dominant share of exchange transactions on the day ahead market) and the significant decline in prices.

Electricity sale to end customers - The revenues from electricity sales to end customers, connected via direct lines to the Kozloduy NPP own switchyard as per art.119, para.2 of the Energy Act, amount to BGN 1,306 thousand.

The income from financing amounting to BGN 3,942 thousand are recognised as current income in relation to the DSFSF.

Other revenues and incomes - BGN 9,916 thousand, include revenues from the sale of services, goods, materials, rents, penalties under contracts, insurance indemnities, and others. Compared to the previous 2019, the reported revenues for 2020 are by 6.9% higher. Revenues from the sale of non-current assets amount to BGN 415 thousand.

The operating expenses of the Company (continuing operations) in 2020 are in the amount of BGN 966,447 thousand. They maintain their level compared to 2019 with an insignificant deviation in the amount of BGN 2,315 thousand. The structural distribution of expenditures by economic elements in relation to the total expenditures has not changed significantly compared to the previous year. Deviations from the last year are observed for the following costs:

– Lower costs for material and consumables and changes in work-in-progress, mainly due to the reduced costs for materials related to the implementation of maintenance activities and nuclear fuel costs resulting from differences in the configuration and the value of the loaded fresh fuel assemblies.

– Hired services expenses are in the amount of BGN 157,358 thousand. The main costs for hired services are for armed guard and fire protection, insurance, costs for maintenance activities and payment of the price for access to the grid. Growth compared to the previous year is reported in the cost related to the access price paid on the entire reported net production, incl. energy settled on a balancing market in the form of a surplus. For 2020 the Company has charged BGN 34,593 thousand, compared to the previous year this cost is doubled (2019 - BGN 16,919 thousand), as the regulatory obligation came into force in mid-2019.

– In 2020, the reported depreciation and amortisation costs amount to 178,559 thousand, by 6 % higher than the previous year. The increase is a result of fixed assets put into use.

– Staff costs with a slight increase of 2.5% include costs for salaries, social security contributions, social costs, costs for unused leave and staff benefits under the Labour Code and the Collective Labour Agreement. Remuneration costs are within the approved limit for the wage labour costs.

– Other expenses were reduced by 2% below the reported ones in 2019. The largest relative share of these 95% (BGN 194,650 thousand) is attributed to expenses for instalments in the DNF Fund, RAW Fund, and SES Fund, which have been reduced by BGN 8,728 thousand, as a result of lower electricity sales revenues.

– In 2020, provision costs amounting to BGN 55,270 thousand are charged as follows:

- BGN 37,924 thousand provision costs for the obligation to transport spent nuclear fuel from VVER-1000 for technological storage and reprocessing.
- BGN 17,346 thousand provision costs for retirement benefits (according to an actuarial report regarding the compensations at retirement on the basis of the Collective Labour Agreement in force for the period 2019-2020).

During the reporting year, the Company provided the required amount of cash through electricity sales under favourable market conditions which resulted in timely performance of the obligations under commercial contracts for the supply of nuclear fuel, reagents, maintenance and investment activities.

Preferentially, using its own financial resources, the Company secured the measures ensuring safe and reliable operation of the nuclear facilities, including the activities related to the management of SNF and RAW.

The Company effected insurance premiums in relation to the insurances as legally stipulated in the SUNEA and the Vienna Convention, contributions to the RAW Fund, the DNF Fund, and the SES Fund, payments for salaries and wages, social security contributions.

As at 31.12.2020, the Company ended the reporting year without any outstanding payments.

In 2020 the annual revenues from the main activity of the Company - sale of electricity and heat energy amount to BGN 1,542,877 thousand, decreased by BGN 15,384 thousand (-1%).

The incoming flows from non-regulated sales are within the reporting revenues for 2019. For the current year revenues were realised in the amount of BGN 1,325,770 thousand, with an insignificant decrease of 2% compared to their value for the previous reporting period.

From regulated sales of electricity in 2020, the Company received BGN 210,030 thousand, which is by BGN 8,496 thousand (4%) above the realised incoming flows in 2019. The last cash instalments under the concluded Debt Rescheduling Agreements between NEK EAD and Kozloduy NPP EAD have been paid. The Public Provider regularly paid its obligations over the year, and as at 31.12.2020 there are no overdue amounts owed the Company.

Over the past year, the constant monitoring and control of the lawful, appropriate and efficient use of the Company's financial resources continued by performing preliminary controls when undertaking commitments and subsequent monitoring and control of the budget implementation, by avoiding any overstepping of the financial framework under the approved programmes.

The table hereafter presents selected key indicators that reflect the achieved operational results and an evaluation of the Company's position and operations in 2020, compared to the same reporting period in the previous year, as follows:

	Indicator (BGN '000)	Statements as at 31.12.2020	Statements as at 31.12.2019	Change 2020/2019 (%)
c.1	*c.2*	*c.3*	*c.4*	*c.5=(c.3/c.4)-1*
1	Total operating income	1,272,241	1,327,799	-4%
2	Total operating costs	-966,447	-968,782	0%
3	EBITDA 1)	484,353	527,994	-8%
4	EBIT 2)	305,794	359,017	-15%
5	EBT 3)	306,377	360,906	-15%
6	EBIT margin	24%	27%	-11%
7	EBITDA margin	38%	40%	-5%
8	Total assets	3,481,607	3,387,144	3%
9	Tangible fixed assets 4)	2,328,304	2,408,171	-3%
10	Working capital 5)	766,612	597,097	28%
11	Cash and cash equivalents	485,106	395,583	23%
12	Equity	2,795,595	2,681,323	4%
13	Return on equity 6)	10.96%	13.45%	-19%
14	Return on assets 7)	8.80%	10.66%	-17%

1) EBITDA – earnings before interest, taxes, depreciation (and amortization) from continuing operations;

2) EBIT – earnings before interest and tax, from continuing activities;

3) EBT – earnings before tax, from continuing activities;

4) Tangible fixed assets - Tangible Fixed Assets + costs to acquire Tangible Fixed Assets;

5) Working capital – current assets less current liabilities;

6) Return on equity - EBT/Equity;

7) Return on assets - EBT/Total assets

3. Financial instruments used by Kozloduy NPP EAD

3.1. Financial risk management goals and policy

The financial risk management policy implemented by Kozloduy NPP EAD is focused on minimising the potential negative effects that may result in aggravated financial results, given the possible difficulties of forecasting the market environment and the unpredictability regarding the dynamics of market prices.

The financial risk management policy is implemented purposefully to give assurance when accomplishing the strategic and operative goals of the Company and to guarantee trouble-free operation of the nuclear power plant, while observing the regulatory and the licensing conditions. The Company observes the basic guidelines, action framework, principles and practices set out in the Risk Management Strategy and Policy established at the companies within the BEH Group. Specific activities for the identification, analysis, current evaluation and monitoring of the negative events impact are regularly carried out. This is followed by timely and adequate intervention to mitigate any unfavourable consequences depending on the individual approach used for the specific risk management - tolerating, treating, transferring or terminating. The applied risk management procedures as regards the Company's budget and finance are implemented against significant risks that are a major threat for the Company's balance.

The main goal of the top management is to maintain stable financial and economic position of the Company and effective management of cash and cash equivalents by ensuring optimum amount of financial resources, allocated in accordance with the Company's main business priorities.

The long-term debts under the state-guaranteed loan from Euratom are settled in compliance with the financial and payment terms and conditions and the provisions of the Bulgarian legislation under the Government Debt Act and Decree of the Council of Ministers on the implementation of the state budget.

3.2. Risk factors

The Company is exposed to various risks associated with its financial instruments. The most significant financial risks which the Company is exposed to are the market risk, credit risk, and liquidity risk.

- Market risk

By using financial instruments, the Company is exposed to a market risk and more specifically to the risk of changes in the foreign currency exchange rates, interest risk, as well as risk of changes in specific prices, resulting from the operating and investment activities of the Company. A significant risk event in the midterm perspective is the transition to a completely liberalised electrical energy market, which could have an unfavourable impact on the financial stability of the Company due to possible issues with the solvency of the energy companies, with which Kozloduy NPP EAD maintains commercial and economic relationships. A possible aggravation of the market situation and establishment of high business-to-business indebtedness between the energy companies could compromise additionally the position of Kozloduy NPP EAD and to create problems to the liquidity and serious difficulties for the fulfilment of the current payments.

The unfavourable consequences of the economic and social crisis in Bulgaria and Europe due to the global COVID-19 pandemic remain a significant threat to the financial stability and liquidity of the Company in the mid-term perspective. The development of negative scenarios represents a real risk of a drastic reduction of the expected revenues of Kozloduy NPP EAD.

- Currency risk

The majority of the foreign currency cash payments to suppliers for goods and services, for the acquisition of tangible and intangible fixed assets, and for the settlement of the long-term loan from Euratom, are mainly denominated in Euro. The currency risk, related to losses, arising from the revaluation of the Company's costs due to reduction in the BGN (Bulgarian Lev) price, is minimal, as the BGN/Euro exchange rate is fixed.

A small portion of the Company's foreign currency transactions (purchase of materials and services) are denominated in US Dollars. This does not expose the Company to high risk in terms of changes in the US Dollar exchange rate to the Bulgarian Lev on the international financial markets.

➢ Interest risk

The Company's policy is focused on minimising the interest risk in long-term funding.

The Company's cash flows are exposed to interest risk, arising due to changes in the market interest rates of the three tranches still to be repaid, denominated in Euro, under the Loan Agreement with EURATOM, dated 29.05.2000, at contracted floating interest rates, equal to six-month EURIBOR plus margins in the range between 0.079% to 0.13%.

The existing uncertainty regarding the change of the interest levels on the financial market would present a certain threat; however, taking into consideration the historically low levels of EURIBOR established over the recent years and the small share of the unpaid remainder of the tranches with a floating % to the due maturity date in 2021, no high interest risk is conditioned.

In terms of the first tranche under the Loan Agreement with Euratom, contracted at fixed interest %, there is no risk arising from the dynamics of the interest rates of EURIBOR.

Interest risk is possible with regard to the credit, granted to the subsidiary company Kozloduy HPP EAD, under floating interest rate conditions, based on the BIR plus a margin of 2.5%.

The Company is exposed to interest risk with regard to the developed retirement defined employee benefit plan. Changes to the calculated current value of the liabilities are possible in the presence of changes in the discount rate which is based on the market profitability of the treasury shares held. A possible decline in the market yield of government securities held will increase the Company's future liabilities related to defined benefit plans.

All the other financial assets and liabilities of the Company are contracted with fixed interest rates and annuity payments in order to have a better predictability of the expected values of the financial flows.

➢ Liquidity risk

Liquidity risk is identified in consequence of non-fulfilment of statutory and contractual monetary obligations of the Company, upon their maturity. In order to manage potential liquidity issues in good time, the Company collects its receivables, controls its cash outflows and thus ensures sufficient working capital for the timely accomplishment of the short-term payments.

Kozloduy NPP EAD manage cash and cash equivalents on a regular basis in such a way, as to avoid net exposures in one credit institution in the end of each month exceeding 25 percent of the total Company cash, in compliance with the rules on concentration under the Rules for application of the Public Enterprises Act. Implementing these Rules is part of the measures accomplished by the Company, focused on diversification of financial resources and reduction of the risk of unrecoverable receivables when claiming bank institutions insolvent, wherefore the possible risk is limited to a low level.

Liquidity risk for the Company's finances is probable in connection with corporate decisions for payment of an additional dividend for the sole owner of the capital, beyond those provided for in the updated medium-term budget forecast of the Ministry of Finance.

➢ Credit risk

The Company is exposed to this risk in the contracts related to sale of electricity, heat energy and services, granting loans, and depositing of funds in financial institutions due to declaring bankruptcy. Some of the timely measures taken for the collection of matured receivables include age analysis of the customers, signing agreements and contracts for electricity sale with favourable clauses, incl. advance payments, bank guarantees, compensatory conditions and others, accrual of late payment interest, offsetting of mutual debts and receivables, bringing actions against thermal power debtors.

As part of the targeted measures implemented over the year for the restriction of the credit risk, an Agreement was signed between Kozloduy NPP EAD and NEK EAD dated 16.04.2018 for rescheduling of unpaid liabilities for electricity sold at regulated prices. Monetary liabilities under the Agreement were paid regularly, and the repayment was completed within the deadline in February 2020. The measures undertaken improved the collectability and eliminated the outstanding debts of NEK EAD to Kozloduy NPP EAD.

➢ Cash flows risk

The Company's cash flows depend on the fluctuations in the amount of the expected future cash flows related to the financial instrument at hand. In order to limit the risk of unpredictability and uncertainty of the inflow and outflow of financial resource, the Company regularly plans its short-term and long-term cash flows to ensure regular, sufficient and secure proceeds, comparable to the operative and long-term financial needs.

4. Post-reporting date events

There are no events occurring in the post-reporting period that may lead to adjustment of the financial statements of the Company. The non-adjustment events are disclosed in Note 43 'Post-reporting date events'. The payment of an additional dividend in the amount of BGN 220,000 thousand is classified as a non-adjustment event in 2021, based on item 1.2.1 of the Transcript-extract from Minutes of meeting No. 4-2021/02.02.2021 of the Board of Directors of BEH.

5. Future opportunities and developments in 2021

The planned economic policy of the Company for 2021 is in compliance with the five-year Business Programme for the period 2021 – 2025 – approved by Board of Directors of BEH on 23.03.2021.

It presents the mid-term perspectives and the major assumptions, business goals and priorities defined by Kozloduy NPP EAD Board of Directors, as well as the planned activities and the resources required for their implementation.

The long-term intentions of the Kozloduy NPP EAD Management regarding the management of the Company are summarised in the Management Policy of the Kozloduy NPP EAD and the Kozloduy NPP EAD Management Policy Statement regarding the management of the Company.

In the Company's Management Policy, the Management has set its priorities for ensuring the highest levels of safety, efficient and competitive power generation, qualified, competent, and motivated personnel, and financial stability.

The Company shall ensure the implementation of all reconstructions and modernisations of the major facilities, necessitated in the course of their operation, or as a result of the analysis of the operational experience.

The plant management shall continue to implement measures to ensure the Company's long-term financial stability, such as, but not limited to: measures to increase the sales revenues, measures to collect overdue receivables, measures to continue the application of mechanisms for effective expenditure control, etc. Increasing the cost effectiveness is still among the priorities of the Board of Directors, in the context of Ordinance No. E-PA-04-4 of 14 July 2016, for public disclosure and optimisation of the expenditure of commercial companies with 50 and above 50 per cent state or municipal share in the capital, performing activities under the Energy Act, with the measures being focused on the nature and the dedication of the expenditure, with the purpose of increasing their contribution for raising the Company's profitability.

The effectiveness of the electricity sale shall depend mainly on the implemented market and price strategy in accordance with the dynamic market conditions. With regard to this the business activities of the Company in 2021 will be aimed at ensuring maximum realisation of the generated electricity, stable market presence and maintaining competitive prices. The Company's pricing policy for the non-regulated market will be oriented towards providing secure and regular sales revenues, complying with the market conditions.

Maintaining a sufficient number of licensed. competent and motivated personnel for ensuring the safe operation of the units over the relevant licensing period remains a major priority of the plant Management in its intentions related to the Company management.

The Company Management does not consider that there are significant risks resulting from the dynamic fiscal and regulatory environment in Bulgaria that could necessitate amendments to the separate financial statements for the year ending 31 December 2020.

Additional information under Appendix No 10 of Regulation No 2 of the FSC

1. **Information, presented in terms of value and quantity data, regarding the main categories of goods, products and/or rendered services, stating their share in the sales**

revenue as a whole and the changes that occurred during the reporting financial year;

In 2020, Kozloduy NPP EAD realised income in the total amount of BGN 1,272,241 thousand. The main items, under which income was reported, are:

- Revenue from sales of production, amounting to BGN 1,257,968 thousand, including BGN 1,255,807 thousand electricity sales revenue, and BGN 2,161 thousand - heat energy sales revenue;
- Income from financing - 3,942 thousand;
- Income from sales of services, goods and other sales - BGN 10,331 thousand.

The sales revenue structure and the share of the main revenue categories are presented in Table 1. Data on the quantity of the goods produced is presented in Table 2.

Table 1

Indicator	Statements as at 31.12.2020	% share of income	Statements as at 31.12.2019	% share of income
Total revenue from sales of production /BGN '000/	1,257,968	98.88%	1,314,050	98.97%
Revenue from electricity sales	1,255,807	99.83%	1,312,117	99.85%
Revenue from sale of heat energy	2,161	0.17%	1,933	0.15%
Income from financing /BGN '000/	3,942	0.31%	4,081	0.31%
Other revenue and income /BGN '000/	10,331	0.81%	9,645	0.73%
Income from sales of goods	662	6.41%	1,090	11.30%
Income from sales of services	2,972	28.77%	3,403	35.28%
Income from other sales	6,697	64.82%	5,152	53.42%
Total revenue /BGN '000/	1,272,241	100.00%	1,327,776	100.00%

Table 2

Indicator	Statements as at 31.12.2020	% share	Statements as at 31.12.2019	% share
Net energy (in-house generation), MWh	15,810,197	100.00%	15,734,410	99.95%
Purchased energy (substitute), MWh	661	0.00%	8,309	0.05%
Total realisation, MWh	15,810,858	100.00%	15,742,719	100.00%

No changes in the structure of the main income categories occurred during the reporting financial year. The main revenues come from sales of the generated electrical power.

2. **Information on the revenues, allocated to the different categories of activities, domestic and external markets, as well as information on the sources for the supply of materials, required in the production of goods, or in the rendering of services, reflecting the degree of dependency of the individual seller or buyer; in the cases where the relative share of any of those exceeds 10 per cent of the costs of sales or the sales revenue, information on each person, individually, on their share in the sales or purchases, and their relation to the Company shall be submitted.**

The revenues from sales of production are generated entirely on the internal (domestic) market; all the Company's customers are based on the territory of the country. Information on the relative share per customer or supplier, exceeding 10 percent of the total and the sales revenues are presented in Table 3 and Table 4.

Table 3

Customer	% of income 2020
NEK EAD	13%
IBEX EAD	54%

Table 4

Supplier	% of costs 2020
AO TVEL	21%

The contracts concluded within the reporting period do not go beyond the usual business activities of the Company and do not deviate from the market conditions. The Company has concluded contracts for the supply of fresh nuclear fuel with the counterparty AO TVEL.

3. **Information on major transactions concluded**

In 2020 The Company did not enter into any major transactions outside its ordinary business activities, or such that are material in nature in terms of their impact on the financial results.

4. **Information on the transactions, made between the Company and its related parties within the reporting period, proposals to conclude such transactions, as well as transactions that differ from the Company's usual activities, or which significantly deviate from the market conditions, and the Company, or any of its subsidiary, are parties to such transactions, stating also the value, nature of relationship, and any information necessary to assess the effect on the financial position of the Company;**

All related party sales and purchases are made under market conditions, except for transactions related to the purchase and sale of electricity at regulated prices as determined by the Decision of the Energy and Water Regulatory Commission (EWRC). The transactions with related parties do not deviate from the normal market conditions. Kozloduy NPP EAD did not conclude any transactions with related parties outside its usual business.

Quantitative data regarding the transactions with related parties is disclosed in detail in the Annual Separate Financial Statements of the Company as at 31 December 2020 -(explanatory note 35 'Related Party Disclosures').

5. **Information on events and indicators of unusual for the Company nature, having a significant impact on its business activities and its income and incurred expenses; assessment of their impact on the current year results;**

There are no events and indicators of unusual for the Company nature, having a significant impact on its business activities and its income and incurred expenses, which affected the last year activity results.

6. **Information on off-balance sheet transactions: nature and business purpose; indicating the financial impact of such transactions on the activities if the risk and benefits of these transactions are material to the Company and if the disclosure of such information is significant for the assessment of the Company's financial position;**

The Company does not have any transactions, carried off-balance sheet in 2020. The Company reports off-balance sheet foreign assets pledged as collateral as follows:

- bank guarantees that Clients shall provide in favour of the Company, in accordance with the contracted terms for sale of electricity;

- any insurances in favour of Kozloduy NPP EAD to cover the risk of customers' default.

- bank guarantees that Clients shall provide in favour of the Company, in accordance with the contracted terms other than sale of electricity;

Indicator	Available as at 01.01.2020	Received in 2020	Discharged in 2020	Available as at 31.12.2020
Other entity's assets, pledged as compensation /BGN '000/	**92,317**	**87,447**	**141,555**	**38,209**
Received bank guarantees for electrical energy, denominated in BGN	28,337	57,667	64,049	21,955
Received bank guarantees for electrical energy, denominated in foreign currency (BGN equivalent)	14,082	12,471	26,553	
Received guarantees under insurance contracts	49,898		49,898	
Received bank guarantees, denominated in BGN		2,395	487	1,908
Received bank guarantees, denominated in foreign currency (BGN equivalent)		14,914	568	14,346

7. **Information on the Company's participating interests. Information on its major investments in the country and abroad (in securities, financial instruments, intangible assets and real property), as well as investments in equity securities outside its economic group, within the meaning of the Accountancy Act, and the sources/methods of financing of these;**

In 2020, the Company did not acquire any new interests and did not engage in investments in the country and abroad. The Company holds shares and investments only in the country where information on the assets held is presented in detail in the Company's Annual Separate Financial Statements as at 31 December 2020 (explanatory note 8 'Investments in Subsidiaries').

8. **Information on the contracts concluded by the Company, its subsidiary or Parent Company, in their capacity of borrowers - information on any credit agreements, disclosing the agreements' specific terms and conditions, including the maturity of each agreement, as well as information on the placed guarantees and the undertaken commitments;**

The Company did not conclude any credit agreements in 2020. Thorough information on the loans received is disclosed in the Company's Annual Separate Financial Statements as at 31 December 2020.

9. **Information on the contracts, concluded by the Company, its subsidiaries or Parent Company, in their capacity of lenders; loan agreements, including the provision of guarantees of any kind, including to related parties, disclosing the specific terms and conditions under each, including the maturity and the purpose for which such were granted;**

The Company did not conclude any loan agreements as a lender in 2020. According to a credit line agreement No. 880080 of 07 October 2008, a decision made by the Bulgarian Energy Holding EAD, dated 07 November 2008, and signed annexes to this Agreement, Kozloduy NPP EAD granted a loan to its subsidiary, Kozloduy HPP EAD, to the amount of BGN 22,000 thousand, intended for the construction of a hydroelectric power plant. According to Contract Annex No. 4, signed on 20.01.2015, the loan has a repayment deadline 15 January 2024, with repayment starting on 15 July 2013. The loan shall be repaid in 22 instalments, the amount of the first 2 instalments being BGN 150 thousand (15 July 2013) and BGN 1,300 thousand (15 January 2014) respectively. A repayment schedule was prepared for the remaining 1/15 of the unpaid principal after 15 January 2014. In accordance with Annex No. 4, the contracted annual interest rate agreed is floating and equals the BIR plus 2.5% margin. The loan is secured by a promissory note. As at 31.12.2020, the loan had been regularly paid. Repayment instalments amounting to BGN 13,710 thousand have been paid, while the loan remainder is BGN 8,290 thousand (principal).

Detailed information on the movements and balances on the granted loans is disclosed in the Company's Annual Separate Financial Statements as at 31 December 2020.

10. **Information on the use of funds from the new securities issue during the reporting period**

    No securities were issued during the reporting period.

11. **Analysis of the relationship between the financial results achieved, as reported in the financial statements for the financial year, and the previously published estimates of those results**

    The Company has not published any financial results estimates.

12. **Analysis and evaluation of the financial resources management policy, stating the ability to settle the obligations, any possible threats and measures which the Company has taken or is about to undertake to eliminate those**

The Company's financial resources are managed jointly by the senior management and the Board of Directors. The provision of short- and medium-term cash flows for settling the Company's liabilities without obtaining funds from financial markets and in accordance with the financial and payment conditions and the requirements of the Bulgarian legislation is a main priority. An effective financial management and control system is in place of the Company, functioning through policies and procedures, designed to ensure confidence in the achievement of the objectives of the Company, as set in the Business Programme. There are ongoing activities to:

- ensure objective and accurate financial and economic information in order to take timely effective preventative action to avoid potential threats;
- ensure control of financial resources through periodic (daily, weekly) risk assessment (credit risk, interest risk, liquidity risk, currency risk, and cash flow risk).

The Company does not face any difficulties in settling its liabilities. Detailed information on potential threats and measures undertaken is presented hereinabove in the Report. The risks that Kozloduy NPP EAD faces on the electricity market are mainly related to the Company's participation on the unregulated market, chiefly due to difficulties in forecasting the market environment, and the unpredictability of the market prices dynamics, as well as the continuing COVID crisis.

The gearing ratio (debt-to-equity ratio) in the end of the year is as follows:

Indicator	31.12.2020	31.12.2019
Total debts	686,012	705,821
Cash and short-term deposits	(485,106)	(395,583)
Net debt	200,906	310,238
Long-term liabilities	340,009	364,462
Equity	2,795,595	2,681,323
Long-term liabilities/Equity ratio	0.12	0.14

13. Assessment of the possibilities for realisation of the investment intentions, indicating of the amount of funds available, and specifying possible changes in the financing structure of this activity

The main priority in the Company's investment programme is the implementation of actions ensuing from the Safe Use of Nuclear Energy Act, the current licences for operation of Units 5 and 6, and the measures identified in the integrated programmes for continuous enhancement of the level of safety at Kozloduy NPP. Implementing them will ensure the long-term operation of nuclear power units over the next 30 years, and will guarantee the Kozloduy NPP EAD nuclear safety, quality and security, radiation protection and environmental protection during the operation of the power units and the auxiliary facilities, in compliance with the requirements of the applicable normative legislation in force. The possibilities for realisation of the investment intentions are estimated on the basis of the amount of available funds as at 31 December 2020, and the estimates made in the Business Programme of the Company. It is envisaged to realise the investment intentions with own funds from the net profits realised (after deducted dividend in the amount of 50% of the estimated financial results, and depreciation). At present the current forecast parameters do not envisage the Company assuming new long-term debt, or making changes in the financing structure of this activity.

14. **Information on any changes occurring in the core management principles of the Company and the companies within its group, within the meaning of the Accountancy Act, in the reporting period;**

No changes in the core management principles of the Company and its economic group occurred in 2020.

15. **Information on the key features of the internal control system and risk management system, implemented by the Company in the process of preparing its Financial Statements;**

The Company has integrated an adequate and effective financial management and control system, through developed policies and procedures, in compliance with the requirements of the Financial Management and Control in the Public Sector Act, in order to ensure reasonable assurance that the goals set by the management will be achieved.

Part of this system is internal audit, which appears as a third line of defence. According to the Financial Management and Control in the Public Sector Act (FMCPSA) the internal auditing (IA) is one of the tools to assess the adequacy and effectiveness of the financial management and control system. The main subject of activity of the IA is planning and implementation of auditing, where the main emphasis is placed on assessing the adequacy of the financial management and control system at Kozloduy NPP EAD. The management system established at Kozloduy NPP is process-based which guarantees good synchronisation in managing the risks assumed by the Company. The results of the audits in 2020 showed that all the components of the financial management and control system such as control environment, risk management, control activities, information and communication, and monitoring are built in accordance with the requirements.

Sufficient policies, procedures and internal rules have been developed and implemented in accordance with the legislation in force, taking into account the specificity in the implementation of the core activity of Kozloduy NPP EAD. Upon finding any weaknesses in the system, the Company management takes the necessary timely and adequate measures to remedy them. The Accounting Policies Manual comprises procedures, designed to ensure complete, true, accurate and timely booking, which are in compliance with the Accountancy Act and the International Financial Reporting Standards, endorsed by the European Union, applied as an accounting basis by the Company. The processing of financial-accounting documents in the implementation of business processes is established under the Rules for Processing Accounting Documents at Kozloduy NPP EAD. Permission, approval and authorisation procedures, a dual signature system and procedures for preventive, follow-up and current (ongoing) control of incurred costs are implemented through the developed internal documents. Separate rules describe different types of rights and obligations of the responsible persons, the scope of information, the access to different types of information, and the responsibilities related to the information flows management. The established system ensures effective implementation of internal control when creating and managing all types of documents, including financial statements and other regular information that the Company is obliged to disclose in compliance with statutory regulations.

The Company applies the Financial Policy and Risk Management Policy adopted by BEH EAD. The risk management at Kozloduy NPP EAD is applied to ensure that all actions have been taken to identify, assess, plan, and implement measures to minimise the risks impact on achieving the Company's objectives.

16. **Information on any changes made to the management and supervisory bodies during the reporting financial year**

    No changes were made during the reporting year, 2020.

17. **Information on the amount of remuneration, rewards and/or benefits paid by the Company and its subsidiaries to every member of the managing and supervisory bodies during the financial reporting year, regardless of whether such were included in the Company's expenses, or were derived from profit distributions, inclusive;**

Name/Position		Salaries, including bonuses	Social costs
Nasko Asenov Mihov	Chief Executive Officer and member of the BoD	194	11
Zhaklen Yosif Cohen	Member of the BoD	66	11
Ivan Todorov Yonchev	Member of the BoD	66	11
		326	33

18. **Information about arrangements known to the Company (including after the end of the financial year), which may result in future changes in the relative share of the stocks or bonds of the current shareholder or bondholder**

At present, the Company is not aware of any agreements that in the future could lead to changes in the relative share of stocks held by the sole owner of the capital.

19. **Information on pending judicial, administrative or arbitration proceedings, relating to liabilities or receivables of the Company, amounting to at least 10 per cent of its equity; information on each proceeding shall be presented separately if the total amount of the Company's receivables or liabilities under all proceedings exceeds 10 per cent of its equity;**

As at 31.12.2020 there are not any pending proceedings, relating to liabilities or receivables of the Company, amounting to at least 10 per cent of its equity. The claims against the Company are of different legal grounds, mainly - commercial and civil. The proceedings on these claims have not been completed by final court decisions at the date of preparing of this statement. We believe that the amount of these claims does not exceed 10% of the equity.

20. **Other information**

The Company considers that there is no other relevant information that would be of importance to the users.

Non-Financial Statement

Information in accordance with art. 48, para.1 and para.2 of the Accountancy Act

Kozloduy NPP EAD is the only nuclear power plant in Bulgaria and the country's largest producer of electricity, ensuring more than one third of the national annual electricity production.

Kozloduy NPP sells the generated electricity in the following segments of the Bulgarian energy market:

- Regulated market - sale to the public supplier NEK EAD under prices regulated by the Energy and Water Regulatory Committee. The obligations to the regulated market (supply quotas) are determined by the EWRC based on estimates of the end suppliers consumption;
- Non-regulated market - transactions with electricity at freely negotiated prices on an organised exchange market, administered by the IBEX EAD:
    - Day Ahead Market segment (DAM) - hourly transactions at the clearing exchange price with account taken of the Commitments under the agreement with the EC, and in case of certain imbalances (surplus);
    - Intraday Market segment (IDM) - hourly transactions to settle current imbalances;
    - Centralised Market for Bilateral Contracts segment (CMBC) - transactions for supply of standard and non-standard long-term products;
    - Balancing Market - for remaining quantities (difference between planned sales and the actual measured net production).
- Supplying company's facilities (art.119, para.1 of the Energy Act) and end customers connected through their own electrical systems (art.119, para.2 of the Energy Act).

The long-term intentions of the Kozloduy NPP EAD Management regarding the management of the Company are summarised in the Management Policy of the Kozloduy NPP EAD and the Kozloduy NPP EAD Management Policy Statement regarding the management of the Company which can be found on the web site www.kznpp.org.

The strategic goal of Kozloduy NPP is safe, efficient, and environmentally friendly electricity generation under the long-term operation conditions, of guaranteed quality and security of supplies in compliance with the national and international standards.

To achieve this goal the Management of Kozloduy NPP EAD implements an integral Management System that incorporates all the requirements towards the activities, in compliance with the following priorities:

- Top level of safety;
- Efficient and competitive production;
- Qualified, competent, and motivated personnel;

- Financial stability.

The priorities as stated by the management are substantiated in policies which set out the principles, specify the objectives, and the way to achieve them:

- Safety Management Policy of Kozloduy NPP EAD;
- Security Management Policy of Kozloduy NPP EAD;
- Quality Management Policy of Kozloduy NPP EAD;
- Environmental Management Policy of Kozloduy NPP EAD;
- Health and Safety Management Policy of Kozloduy NPP EAD;
- Business and Financial Management Policy of Kozloduy NPP EAD;
- Fire Safety Management Policy of Kozloduy NPP EAD;
- Human Resource Management Policy of Kozloduy NPP EAD.

The policies reflect the senior management commitment to achieve the goals and the specific objectives, principles and tools to measure the achievement of constant improvement.

Environmental issues

The management has declared its top priority in its Safety Management Policy, namely - nuclear safety and radiological protection at stable operation of the nuclear facilities under the long-term operation conditions in compliance with the licences issued by the NRA. The Company's Management is committed to maintain and develop the safety monitoring and assessment system with highly qualified, trained, and well-motivated personnel for the conduct and control of the nuclear facilities' operation in compliance with the safety requirements as a top priority of the integrated management system.

The organisational measures, technical requirements, allocation of responsibilities and delegation of authorities required to ensure the optimum level of safety are secured in order to maintain the necessary safety level.

The plant observes all the safety standards applicable to radioactive waste management and spent nuclear fuel management (SNF). The SNF is stored in special by-the-reactor pools, and in the on-site Spent Nuclear Fuel Storage Facility and Dry Spent Nuclear Fuel Storage Facility.

RAW safe management is implemented at Kozloduy NPP EAD in compliance with the national policy and the Strategy for SNF and RAW management until 2030, and the Integrated Programme for management of RAW generated by Kozloduy NPP EAD. The main purpose is to approach RAW in a way that ensures protection of human health and the environment now and in the future, without leaving a undue burden in this area for the future generations. RAW management at each of the stages implemented by Kozloduy NPP EAD should allow meeting the criteria for their transfer to SE RAW, or the criteria for the end product acceptability, approved in the NRA normative documents. The activities related to RAW handling are performed in accordance with approved procedures, whose underlying goal is ensuring safety during their management. The RAW management process at Kozloduy NPP EAD is carried out by trained personnel, who maintain and enhance their qualification on an annual basis. The RAW management programmes and instructions are updated periodically, taking into account the good practices of the international experience and the recommendations of the supervisory bodies, and also in compliance with the normative requirements on radiological protection and environmental protection. The RAW management activities are reported pursuant to the licensing provisions of Units 5 and 6 and the Spent Fuel Storage Facility licences.

In the operation of the nuclear facilities the plant management implements the principles of radiological protection, defined by the Regulation on Basic Norms of Radiation Protection, and GSR part 3 of the IAEA, as well as the ALARA principle (as low as reasonably achievable personnel exposure). The collective dose of the personnel and the contractor's staff who worked in the Radiologically Controlled Area of Kozloduy NPP EAD in 2020 is within the framework of the planned values.

The plant radiological environmental monitoring is specified in the Kozloduy NPP EAD long-term programme for radioecological monitoring. An effective and reliable radioecological monitoring in Kozloduy NPP EAD operation is ensured with the purpose of accurately and clearly determining the environmental radiation parameters, establishing the compliance of the actual radiological status with the legislation in force in the Republic of Bulgaria in this area, assessment of the changes and trends in the radiation conditions around Kozloduy NPP EAD. There were no deviations of the radiological indicators above the admissible levels in 2020. The achieved results show that the equivalent dose rate of gamma-radiation varied within the limits of the natural background radiation ($0.05 \div 0.17$)μSv/h. The values, measured along the industrial site fence and in the towns and villages within the 100-km zone, are fully comparable.

The Company Management has as a top priority the protection of people's health and the environment against adverse effects in nonradiological aspect, associated with the activities implemented at Kozloduy NPP EAD site. As a nuclear facilities operator, the plant performs continuous, systematic and overall monitoring of activities, products and services that have a negative impact on environment and health of the public in non-radiological aspect. The Environment Management Policy is targeted at achieving goals related to the protection of the atmosphere and the purity of the atmospheric air, reducing the impact from the Company's activities on the quality of waters, safe management, minimising and utilising the non-radioactive waste, increasing the energy efficiency, optimising the use of raw materials and reducing the emissions to the environment, and last but not least, minimising the risk of occurrence of environmental damages and incidents.

Greenhouse gas emissions are formed in the atmosphere as a consequence of the operation of diesel-generators and diesel-pumps, designed to provide emergency power supply for Kozloduy NPP safety systems. These facilities are kept in 'hot standby' and are periodically tested. Kozloduy NPP EAD holds a greenhouse gas emissions permit No. 143-H2/2013 issued for the operation of these systems. The total amount of CO2 emissions generated in 2020, as per the Company's Report on reporting yearly emissions, is 471 tons. Compared to the conventional TPPs using coal, in the year 2020 Kozloduy NPP prevented the adverse impact of emissions of about 19.6 mln tons of CO2, about 64 thousand tons of SO2, 14 tons of NOx, and 0.2 thousand tons of dust containing natural radioactivity.

For its operation the Company uses surface waters from the Danube river and underground waters. About 99.7% of the water used is for cooling. The remaining 0.3% are used for the production of demineralised water required for the production process, firefighting, and other needs. The cooling waters are returned to the Danube river without any changes to their chemical content, and very often even cleaner compared to the intake from the Danube. The waste water generated by the Company's activity is treated in specially designed and erected treatment facilities - neutralisation pits, sludge and oil retainer, and petrol products separator. The residential waste water is treated in a water purifying complex. Kozloduy NPP EAD performs periodical monitoring on the quality of waste water in order to establish the degree to which it has been affected. In addition to the compulsory monitoring stipulated by the permits for use of a water body to discharge waste water, the Company performs also extended internal plant control. The results of the performed control of the waste water discharged in the Danube river show that it does not differ in terms of quality from those of the water taken to the plant. The values of the individual monitored indicators are considerably lower than the individual emission limits as stipulated in the permits for use of a water body to discharge waste water.

Kozloduy NPP EAD has introduced and uses a separate waste collection and management system, and the whole staff is familiar with it. The waste generated by the activity are collected on dedicated sites (storage facilities), where they are sorted and prepared to be transferred for subsequent safe reuse or disposal. Reusable domestic waste, such as paper (carton), plastic, metal and glass packages, are also collected separately in coloured waste bins specially located in the Company buildings. All separately collected wastes are transferred for subsequent reuse or disposal to specialised companies holding the necessary permits in compliance with the Waste Management Act. Non-reusable and non-hazardous domestic and industrial wastes, generated by the Company's activity, are disposed at the plant's Landfill for non-radioactive municipal and industrial wastes, that has been operated by Kozloduy NPP EAD since 2000.

One of the main goals of Kozloduy NPP EAD management is to pursue an active policy targeted at reasonable use of energy and water resources, as well as improvement of the energy and water consumption indicators in the long-term perspective. The Company concentrates its efforts in increasing energy efficiency through the implementation of energy efficiency measures and constant energy monitoring. These activities allow to reduce the house loads of the plant, as well as to provide possibility to connect new customers with local heating systems to the central heating system. Kozloduy NPP promotes electric mobility and the symbiosis between efficient and clean energy and mobility by renewing the fleet by purchasing electric cars. All the above-described activities lead to direct improvement of air quality through reduction of the quantities of greenhouse gases and fine dust particles.

Social issues and personnel related issues

The human resource management in the Company is carried out in accordance with the objectives of the Human Resource Management Policy at Kozloduy NPP EAD and in compliance with the requirements related to the personnel in the obtained licence for the operation of Units 5 and 6 for the new period. Implementing these requirements, the Company fulfils its commitments to maintain a sufficient number of qualified and competent personnel to perform all activities.

In the following period 2021-2025 personnel recruitment will continue to be performed through a professional recruitment system, observing the educational and qualification degree and other requirements, as defined in the job descriptions, in compliance with the licensing provisions.

As at 31.12.2020 the average number of employess and workers is 3,674, of them 2,513 are men and 1,161 women.

The Company has introduced Internal Rules for Salary, which are updated in relation to the CLA 2021-2022, which aim to further develop, specify and settle the issues of formation and allocation of funds for salaries in compliance with applicable regulations and conditions of the Collective Labour Agreement; to establish an organisation for effective management of the salaries at Kozloduy NPP EAD; to create and approve such a practice for determining the remuneration of the employees, which will ensure the implementation of the Company's policy in the field of remuneration management and conditions for retention and development of the personnel; to guarantee non-discrimination or prevention of unequal treatment of workers and employees in determining their individual remuneration.

These rules stipulate the issues related to:

- labour payment system;
- accounting of the work time;
- minimal base work salary for the Company;
- minimal base work salaries according to the positions;
- types of additional labour remunerations;
- procedure, periodicity, and dates of payment of labour remunerations;

The determined base work salaries by positions give guarantees for not allowing differentiation of the workers and employees based on their sex when determining the remunerations for a given position. No discrimination based on sex, ethnic origin, religious or political beliefs is allowed at the work place.

The Employer ensures conditions for employment of workers and employees under employment contract at the Company. It is also the Employer's responsibility to ensure the required technical provisions, facilities, raw materials, materials, energy, tools, working clothes, personal protective equipment, and other adequate conditions to ensure normal performance of employment duties. The Employer ensures, at the Employer's own expense, conditions for preparation and vocational qualification of the Employer's workers and employees in case of job cuts or opening of vacancies, establishing/closure of production or activities, as well as when a work technology changes.

Upon starting the job or reappointment to a new position, the Employer is obliged to acquaint the worker or employee with his/her rights and obligations under the job description for the job, Plant interior regulations, the Plant regulations on salaries, the requirements for health and safety at work, the clauses of the current Collective Labour Agreement, and other internal Company documents. For the purposes of the conducted transparent policy on selection, recruitment and reappointment of personnel, the Employer is bound to use information displays/boards/ and the internal information system to announce the vacancies and the application requirements.

The Company signs short-term employment contracts for the implementation of seasonal works, such as snow removal - in winter, and for attending the Holiday village. Exceptionally, fixed-term employment contracts are concluded with persons who, in order to perform their functions and obligations, should hold the necessary licence (4 senior reactor operators for 2020 and 1 Reactor Physicist). Persons who replace absent workers/employees are appointed under a fixed-term employment contract (11 people for 2021).

A collective labour agreement for a two-year period is concluded between the NPP's trade unions and the management of the Company, which guarantees all personnel rights covered by the national legislation, as well as the basic requirements and best practices in the nuclear industry worldwide.

Kozloduy NPP EAD is a socially responsible company and it gives its employees, if they wish, the possibility to exercise their civil rights and to participate in public or trade union activities, including to apply for elective positions, if this does not interfere with the work performed in the Company. In this regard, the Company has introduced a Code of Ethics, which regulates and, in a sense, guarantees the rights of the workers and employees. Pursuant to the Collective Labour Agreement, the Employer undertakes not to impede workers and employees from exercising their rights or from using social benefits, not to dismiss nor impose disciplinary sanctions by reason of membership in a trade union organisation.

In connection with the fulfilment of their commitments under the Collective Labour Agreement, upon written request by a trade union organisation(s) the Employer is bound to presents information on the financial and economic position of the Company, pursuant to the rules in force.

All workers and employees have the right to free protective food, social development, additional voluntary pension scheme, accommodation offered by the Company in case of specific need, etc.

Implementing the Social Policy, the management of Kozloduy NPP EAD observes the regulations of a number of normative and internal documents. In this regard, the following activities are envisaged:

Based on Regulation No.11 dated 21.12.2005 on Determining the Terms and Procedure for Ensuring Free Food and/or Supplements to it, the workers in ionizing radiation environment are provided with free food and/or supplements to it, and for the off-site staff - means for cheaper food are secured by the Cultural and Amenity Service Fund.

The Company workers and employees are provided with additional voluntary pension scheme.

A Medicine and Treatment Aid Committee was set up as a consultative body of the employer, supporting the decision making on the expenditure of a portion of the Cultural and Amenity Services Fund for workers/employees with health issues.

The Work Conditions Committee has defined 204 job positions in the staff establishment plan of the Company, where the workers and employers occupying these positions are subject to compulsory insurance, pursuant to the Regulation on Compulsory Insurance of Worker and Employees against the 'Industrial Accident' Risk. The management team target their efforts at maintaining safe and healthy work conditions.

The Occupational Medical Service, which forms part of the Company organisational structure, performs medical check-ups and certification, prophylactic examinations, healthcare servicing and 24-hour reliable urgent medical assistance to the Company staff. It performs activities related to ensuring health and safety at work to the Company personnel, as well as developing and participating in the implementation of measures to manage and reduce the risks related to health and safety at work.

In the context of the global pandemic situation that we have been facing since the beginning of 2020, the Company ensured making appropriate tests for the purpose of early diagnosis of workers and employees infected with COVID-19. The access of visitors on the territory of the NPP, the measures taken for the protection of the health of the workers, and the provision of disinfection at the workplaces, as well as the means for protection against infection are strictly regulated.

A wide range of social and cultural activities are carried out, with care to the health prophylaxis, complete recreation, and cultural life of the Company employees, namely:

- the workers and employees are provided with opportunities for recovery in a health and recreation centre, access to sports, remedy and physiotherapy complex in Kozloduy, etc.;
- Power Engineers Cultural Centre is a place where various cultural and educational forms and programmes are carried out to fully satisfy the cultural needs of the Company's employees and their families; an opportunity is provided for acquiring skills in the organised educational forms of arts and language courses; the plant employees are encouraged and supported in their artistic activity.

The NPP operation is carried out by a sufficient number of qualified staff who know and understand the design basis, safety analyses, design and operational documents of the nuclear power unit for all its operational states and accident conditions.

The activities in nuclear facilities related to ensuring or control of nuclear safety and radiation protection are carried out by qualified people, who are licensed under the procedure of the Regulations on the Terms and Procedure for Obtaining of Vocational Qualification and on the Procedure for Issuing of Licences for Specialised Training and of Individual Licences for Use of Nuclear Power.

The Employer ensures, at his own expense, conditions for the preparation and vocational qualification of his workers and employees in case of job cuts or opening of vacancies, establishing/closure of production or activities, as well as when a work technology changes.

In case of restructuring of the Company, or part of it, when the activities are ceded or transferred to another enterprise, including transfer of tangible assets, the employment relationships with the workers and employees, affected by the change of ownership or part of it, shall be preserved respecting the provisions of art. 123 and art. 123a of the Labour Code.

The labour payment system at Kozloduy NPP EAD is based on the time worked and the quality of the performance, i.e. the amount of the base pay is directly dependent on the duration of the work, as a quantitative measure of the labour input by the worker or employee, and a premium, depending on the quality of the performed work. The base monthly salary is remuneration for the performance of the defined labour tasks, duties and responsibilities, that are inherent to the respective work place or job position, in compliance with the adopted standards for the amount and quality of work and the duration of the performed work. The following are taken into account in the assessment of the work place:

- relationship to nuclear and radiation safety;
- functions related to licensing under the SUNEA;
- complexity of work;
- level of responsibility of the job;
- work heaviness;
- work environment parameter.

The amount of the base monthly payment of the workers and employees is contracted in an individual employment contract between the parties which are in employment relations.

The training process at Kozloduy NPP EAD is aimed at maintaining qualified, competent and motivated staff, building and maintaining a high level of safety culture, effective use and management of personal and corporate knowledge, stimulating the acquisition of the necessary knowledge and skills, developing a positive attitude towards work. The training is based on a systematic approach - logical, step-by-step process for developing and presenting training materials, based on the performed work tasks and related competencies (knowledge, skills, attitudes) necessary for the implementation of the work duties for each position, at all the levels of the NPP management.

To perform specialised training for activities in nuclear facilities and with sources of ionizing radiation, the NPP is a holder of the necessary licence issued by the NRA.

The training of the personnel of Kozloduy NPP starts with the appointment of the specific person and continues until the end of his/her employment, being conducted in the form of briefings (initial, on-the-job, periodic, and extraordinary), theoretical (lecture training, self-preparation, and interactive-computerised training), practical (hands-on training in workshops and laboratories, on-the-job training, and drills), and simulator training.

The scope, topics, type, and sequence of the training are defined in the training programmes or training schedules and requests for training depending on the personnel group where a certain position belongs, defined by the functions set in the job descriptions.

In 2020, a total of 1,350 training courses in the Training Centre and nearly 1,345 on-the-job trainings were organised and conducted.

Training was delivered to 3,135 employees of the plant and 4,160 people from 162 different external companies and organisations.

During the year, a total of 184,345 man-hours of specialised training of the plant staff were conducted (77,815 man-hours of which through the ESTRA e-learning system), or an average of 59 teaching hours per person (initial, continuing, and extraordinary training).

There have been issued 31 licences for working in nuclear facilities and 3 licences for working with sources of ionizing radiation.

The number of individual training programmes developed for initial training for holding a position is 342, of which 102 deal with retraining of reassigned employees. There were 222 individual training programmes developed for continuing training.

Verification of the knowledge/skills of the staff of Kozloduy NPP EAD is carried out both during initial, periodic, and extraordinary examinations before departmental/qualification examination commissions, and during the implementation of the training.

The Employer encourages the staff education enhancement, providing, to this end, additional paid leave to workers and employees who continue their education in specialities which offer an opportunity for career development in the Company. The workers and employees are provided with opportunities to participate in various professional meetings, forums, and seminars, in order to share experience and enhance their qualification.

The annual individual performance assessment of the Company personnel is used to determine the specific needs of each worker or employee to enhance their professional or personal competence and to identify workers/employees with very good and excellent performance, demonstrating a desire and potential for development. Regarding the development of the workers/employees in the Company, as a result of the evaluation of the work performance, specific activities are planned for expanding their professional competence, in support of the conditions for conducting fair and transparent procedures for professional and career development. This process is regulated by a Quality Assurance Procedure.

Health and safety at work

The Health and Safety Management Policy as pursued by the Company has a specific formulation and mechanisms for its implementation and management are in place. Stating the Company policy, bringing it to the knowledge of all the staff and their perception of it is important for the effective management of safety and health at work; therefore, the policy is adequately promoted through visualisation materials, publications in the internal information system, staff training, personal example so that it is understood, applied, and maintained at all levels.

The Health and Safety Management Policy is implemented applying all its underlying principles. Systems for monitoring and periodic reporting on the policy implementation have been introduced. The causes that led to omissions and shortcomings in the work are analysed and effective measures for protection and achievement of the declared goals are implemented.

A complex of organisational and technical measures for ensuring safe working environment has been set up to protect the life, safety and working ability of the workers and employees. For the safe implementation of the labour process, appropriately trained and instructed persons, possessing the necessary qualification and licences/certificates, are admitted to perform the respective labour activities. The workers are continuously informed, through procedures for safe operation, good practice examples, continuous trainings, and opportunities to enhance their qualification. Collective protection equipment is provided. The workplaces are arranged in accordance with the ergonomic requirements and the anthropometric characteristics of the workers.

All the employees/workers are provided with personal protective equipment depending on the specifics of the work places, potential hazards, and the risk at work. Continuous medical monitoring and analysis of the health condition of the employees is provided, including provision of first aid, through the plant' Occupational Medical Service and its medical emergency team. Prophylactic medical examinations are organised, their frequency is determined by the nature of the work, working conditions, and the age of the employees. A health and recreation centre is established and designed to strengthen the health and working capacity of the employees, as well as prophylaxis of people with frequent illnesses or chronic diseases. Reduced working hours are introduced, as well as defined hours of work and breaks, and free food.

Constant monitoring of the work environment factors is performed in compliance with the statutory requirements, through periodic measurements and risk assessment for every job activity. The plant structural units have developed risk management programmes. The assessed risk is negligible or not a big one, which does not require additional measures, but rather keeping the currently existing ones. The workers are informed on the potential risks and the measures undertaken to prevent or reduce their impact.

In order to develop effective corrective measures to ensure the prevention of accidents at work or to reduce the frequency and/or severity of their consequences, as a preventive measure, the incidents at work that took place on the territory of Kozloduy NPP EAD, despite the fact that they did not result in loss of working time and ability to work are investigated and analysed on a general basis as in the case of industrial injuries.

As a form of social partnership for discussing all issues related to safe and healthy working conditions, which relies on the direct interest of the workers to think about their safety and health at work and the integration of workers in the overall activity of ensuring health and safety at work, a Work Conditions Committee (WCC) has been set up, which is an advisory body to the Chief Executive Officer on the issues of health and safety at work. The Work Conditions Committee works closely with the specialised plant departments involved in creating and ensuring health and safety at work.

In the past 2020, no occupational diseases have been registered and no industrial injuries have occurred under Art. 55, para 1 of the SIC with employees of the Company.

To assess the achievement of the set goals specific and functional indicators are used. The industrial accident rate at Kozloduy NPP EAD is of value 0.19, considerably lower than the average values for the industry - 0.96, and the country in general - 0.63.

Human Rights Issues

Kozloduy NPP EAD is a member of the UN Global Compact as of 30.03.2012. As a member of the Network it commits to observe the ten principles of the Global Compact, aimed at implementation of responsible business practices in the field of human rights, labour standards, environmental protection and anti-corruption. Kozloduy NPP publishes a Progress report on an annual basis. As of 2013 the Company has introduced a Code of Ethics which defines the expected behaviour of Kozloduy NPP EAD, describing the moral-ethical norms and rules when applying the UN Global Compact universal principles.

The Code of Ethics is aimed at developing organisational culture which contributes to strengthening the Company" good reputation as a leader among the business organisations, as well as at increasing public trust in the professionalism and ethics of the Kozloduy NPP EAD staff.

The Code of Ethics is a document which adds to the existing internal documents, and contributes to the personal judgement and responsibility of the people working at the nuclear power plant when carrying out their professional duties. The Plant's pursuit is to turn these principles into a part of the strategy, culture and everyday activity of the Company. The Code of Ethics is based on the following core values:

Safety First;

Commitment, mutual respect, and recognition;

Personal responsibility and integrity at work;

Striving for excellence;

Continuous learning.

The Code of Ethics is published in the internal information system and on the Company internet site, and it is expected to be respected also by the contractors' personnel, working on Kozloduy NPP EAD site.

Kozloduy NPP EAD is a socially responsible company. Joint initiatives with the municipalities in the region and voluntary initiatives resulting from the employees' personal commitment were undertaken within the framework of the Company's Corporate Social Responsibility Policy, to ensure lasting benefits to the local community: Supporting people in need, providing assistance for the development of public sites, infrastructure and healthcare improvement, as well as in the area of education, science, culture, and sports.

With the signed Collective Labour Agreement and the Plant Interior Regulations, the Employer commits to respond within 14 days to written applications, requests, and warnings /complaints/ filed by the workers. The established internal information system is part of the Management's communication policy, and the 'Opinions' and 'Weekly Question' sections provide an opportunity for the staff to ask questions, to state their opinions, and to receive answers by the senior management to various employment, social and other issues.

A survey of the personnel motivation is conducted on an annual basis to obtain feedback and to improve the human resource management. Based on the results, corrective measures are proposed in the problematic areas and an action plan is prepared for the next year.

Anti-corruption and anti-bribery issues

As part of the Bulgarian Energy Holding EAD, the Company applies the Sectoral Anti-Corruption Plan in Energy. This plan further develops and specifies the priority areas for prevention of and counteraction to corruption in the energy sector, ensuring transparent management and accountability in the activity of the Ministry of Energy and in the trading companies in which the state holds over 50% share in the equity.

The Corruption Prevention section is involved in implementing the measures contained in the plan; the main activity of the section is applying anti-corruption procedures and mechanisms for checking, monitoring, and reporting, with the purpose of ensuring transparent management and accountability, preventing corruptive practices, and increasing public trust in the Company's professionalism and ethics.

The mechanisms used by the Company for whistle-blowing on breaches, corruption and/or conflict of interests, are:

- Via a mailbox placed at the entrance of Kozloduy NPP EAD Management administrative building;
- Via the e-mail on the following address: signal@npp.bg;
- Hotline: +359 973 7-62-62.

These alerts are examined applying the principle of information confidentiality and protection of the whistleblowers' anonymity. There is also an administrative procedure in place for the registration and work on the corruption and/or conflict of interest alerts, and for protection of whistleblowers.

As of today, there are no alerts on corruption and/or conflict of interests in the Company, and no cases of corruption/corruption practices have been identified. The Corruption Prevention section does not dispose of information on the number of pending or closed cases related to anti-competitive behaviour. The employees who have direct relation to the fight against corruption in the Company were adequately trained on the topic of Anticorruption, with continuous professional training foreseen in this area in order to ensure the required expertise to prevent and counteract corruption.

Outlook on environmental and social policies.

Kozloduy NPP EAD will continue to work actively for the environmental protection in all its aspects. The actions, undertaken to maintain and enhance safety of operations within the Company will be carried out in the following directions: nuclear safety, operating experience, radiological protection, emergency preparedness, radioactive waste management, radioecological monitoring, non-radiological monitoring, and environmental protection.

Kozloduy NPP EAD implements a programme for maintaining and enhancing safety for the period 2020-2022 developed in compliance with the provisions of the Safe Use of Nuclear Energy Act

(SUNEA), the Strategy for SNF and RAW Management until 2030 of the Republic of Bulgaria, the Vienna Convention, and the sublegislative normative acts. The implementation of the measures contained in the programme aims to enhance safety of nuclear facilities, in compliance with the regulatory requirements, international requirements, and the operating experience, ensuring adequate reliability of barriers.

A programme for increasing the safety culture at the power plant is ongoing. The activities for raising the safety culture envisaged in the programme are directly related to safety leadership, improving human performance, personal responsibility and teamwork, creating a non-punitive environment, and problem and error reporting, optimisation of documents, human resource management, as well as transfer and retention of knowledge. In the filed of security culture, activities are aimed at widespread information of the staff on issues related to ensuring the security of nuclear facilities, including preparation of the necessary information materials both for the staff and external organisations, review, update and further development of training materials, as well as conducting training.

A Plan for the staff required for key positions at Kozloduy NPP EAD has been developed in order to provide the necessary information to ensure the timely selection and training of personnel for taking-up positions in the Company in order to ensure safe and long-term operation of the nuclear facilities.

The Company's Management does not consider that there are significant risks regarding the environmental and social policies.

Nasko Mihov
Chief Executive Officer
Kozloduy NPP EAD
Kozloduy

"АЕЦ Козлодуй" ЕАД
гр. Козлодуй

HLB BULGARIA

INDEPENDENT AUDITOR'S REPORT

TO THE SOLE SHAREHOLDER OF

NPP KOZLODUY EAD

Report on the Audit of the Separate Financial Statements

Qualified Opinion

We have audited the separate financial statements of NPP KOZLODUY EAD (the Company), which comprise the separate statement of financial position as at 31 December 2020, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter, described in the "Basis for Qualified Opinion" section of our report the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

Basis for Qualified Opinion

As it is disclosed in Note 4.23.9 "Provisions - Provision for decommissioning of nuclear facilities" of the separate financial statements as at 31 December 2020, out of Company activity arises the necessity to provide for future expenses for the decommissioning of nuclear facilities. According to the legislation currently in force and other international agreements, portion of these expenses could be assumed by national and international funds. In accordance with the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company should recognise provisions for decommissioning of nuclear facilities and a separate asset for its right to receive reimbursements in the event the asset's value can be reliably determined. We were not provided with an assessment of these future expenses and any related reimbursements. Consequently, we were not able to become convinced with reasonable assurance about assessment of provisions and related receivables as at 31 December 2020.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements of Bulgarian Independent Financial Audit Act, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Separate Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information, comprises the management report including non-financial statement, prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the "Basis for Qualified Opinion" section, we were unable to obtain sufficient and appropriate audit evidence about the assessment of provision for decommissioning of nuclear facilities and the related receivables of the Company as at 31 December 2020. Accordingly, we were unable to conclude whether or not the other information is materially misstated with regard to financial indexes and respective disclosures referring to these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter, described in the "Basis for Qualified Opinion" section above, we have determined the matters described below as key audit matters to be communicated in our auditor's report.

1. Valuation of property, plant and equipment

Note 4.11 and Note 5 to the separate financial statements

Key audit matter	How this key audit matter was addressed in our audit
The Company has adopted the revaluation model as an accounting policy for subsequent measurement of property, plant and equipment and specialized means of transport (hereafter referred to as property, plant and equipment or assets). The frequency of revaluation for minor changes in the assets fair values is performed every three years. As of 31 December 2020 the revalued value of land, buildings, machinery and equipment amounts to BGN 2 098 976 thousand, and the revaluation reserve amounts to BGN 1 399 254 thousand. Revaluations are performed by a independent certified appraiser with sufficient frequency so that the carrying amount does not differ materially from the value that would have been determined if fair values were used at the end of each reporting period. The last revaluation of the Company was performed for the period ended on 31 December 2018. The assets subject to revaluation are specific and specialized, strictly related to the Company activity and the alternative use of a significant part of them is impossible or difficult. Therefore, another use by the market participants is unlikely to maximize the value of the assets, and based on that it is considered that their	Our audit procedures include, but are not limited to, the following procedures: • Review and assesment of the Company accounting policy regarding recognition, clasification, subsequent revaluation and impairment of property, plant and equipment, applied during the reporting period; • We reviewed the Company process about assets revaluation and controls applied; • We assessed the qualification and objectivity of the independent certified appraiser, expert external for the Company, as well as the appropriateness of the used approaches, methods and assumptions for assessment of the assets fair values in order to determine compliance with the requirements of IFRS 13 'Fair value measurement'; • We have obtained an understanding and assessed the reasonableness of

current use in the business maximizes their value. The appraiser has used two main approaches and valuation methods - the Market Approach through the Market Analogue Method - for land and buildings for which there is a real market and observed price data for recent market transactions for similar properties; and "Expense approach" through "Amortized replacement cost method" - for the fair value of machinery, equipment and equipment, due to the specialized nature of most of the assets. The valuation measures the value of an asset by determining its new value at the measurement date, reflecting the cost of the asset, reduced by its physical deterioration, functional and economic depreciation as a result of its exploitation. Due to the importance of the respective items in the separate statement of financial position of the Company (Property, plant and equipment, Revaluation reserve) and the use of accounting judgments, we consider this issue to be a key audit issue.	the key outputs calculated by the independent certified appraiser, expert external for the Company, as well as key judgments and assumptions; • Assessment of the adequacy of the disclosures in the separate financial statements related to the revaluation of property, plant and equipment.

2. Classification and measurement of non-current assets and liabilities held for distribution to the owner in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations"

Note 4.19 and Note 16 to the separate financial statements

Key audit matter	How this key audit matter was addressed in our audit
As of 31 December 2020, the Company reports in the separate statement of financial position Non-current assets and liabilities held for distribution to the owner with carrying amount of BGN 56 242 thousand and respectively BGN 45 879 thousand, which include land, buildings and other assets in the process of acquisition under started projects, as well as the related financing and retained amounts under a construction contract, in implementation of the activities for decommissioning of nuclear facilities, declaring them private state property and providing them for public use and providing them for management of the SE RAW by reducing the capital of the Company. Assets classified as held for distribution to the owner are measured by the Company at the lower of their carrying amount immediately after their determination as held for distribution to the owner and their fair value less costs to distribute. Valuation techniques suitable for this type of asset (cost approach) are applied to determine fair values based on	Our audit procedures include, but are not limited to, the following procedures: • Review and assessment of the Company's accounting policies applied during the reporting period regarding the recognition, classification and measurement of non-current assets and liabilities held for distribution to owners; • We reviewed the Company process about assets revaluation and controls applied; • We assessed the qualification and objectivity of the independent certified appraiser, expert external for the Company, as well as the appropriateness of the used approaches, methods and assumptions for assessment of the assets fair values in order to determine compliance with

an estimate made by an external independent valuer engaged by the Company. The appraiser has used the amortized cost method, which is part of the cost approach. The valuation is influenced by assumptions about replacement value, physical, functional and economic depreciation of the assets, residual salvage life. As a review of the impairment of non-current assets held for distribution to owners requires material judgments by the management of the Company, as well as significant uncertainty related to the inputs used and assumptions in determining their fair values, the impairment of these assets may have a significant effect on the financial results of the Company as of December 31, 2019, which is why we have identified this issue as a key audit issue.	the requirements of IFRS 13 'Fair value measurement'; • We have obtained an understanding and assessed the reasonableness of the key outputs calculated by the independent certified appraiser, expert external for the Company, as well as key judgments and assumptions; • Verification that the criteria for determining the classification, measurement and accounting treatment of assets held for distribution under IFRS 5 Non-current Assets Held for Sale and Discontinued Operations exist as of 31 December 2019; • Assessment of the adequacy of the disclosures in the separate financial statements related to the classification and presentation of non-current assets held for sale.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

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

hlb.bg

149-151, Konstantin Velichkov blvd., Sofia 1309, Bulgaria
TEL: +359 (2)920 2201 FAX: +359 (2)920 3665 EMAIL: office@hlb.bg

— Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Additional Matters to be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, described above in the "Information Other than the Separate Financial Statements and Auditor's Report Thereon" section, in relation to the management report and the non-financial statement, we have also performed the procedures added to those required under ISAs in accordance with "Guidelines about new and expanded auditor's reports and communications from the auditor's side" of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming opinions about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and in the Public Offering of Securities Act (Art. 100m, paragraph 7 (2) of the POSA), applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

a) The information included in the management report referring to the financial year for which the separate financial statements have been prepared is consistent with those separate financial statements, over which we expressed qualified opinion in the "Report on the Audit of the Separate Financial Statements" section above.

b) The management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and of Art. 100(m), paragraph 7 (2) of the Public Offering of Securities Act.

c) The non-financial statement referring to the financial year for which the separate financial statements have been prepared is provided and prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

Reporting in accordance with Art. 10 of Regulation (EU) No 537/2014 in connection with the requirements of Art. 59 of the Independent Financial Audit Act

In accordance with the requirements of the Independent Financial Audit Act in connection with Art. 10 of Regulation (EU) No 537/2014, we hereby additionally report the information stated below.

— Audit firm HLB BULGARIA OOD was appointed as a statutory auditor of the separate financial statements of NPP KOZLODUY EAD for the year ended 31 December 2020 by the Minutes № Е-РД-21-16 of the Minister of Energy dated from 15 June 2018 for a period of three years.

— The audit of the separate financial statements of the Company for the year ended 31 December 2020 is the fifth total uninterrupted statutory audit engagement for that entity carried out by us.

— We hereby confirm that the audit opinion expressed by us is consistent with the additional report, provided to Company's audit committee, in compliance with the requirements of Art. 60 of the Independent Financial Audit Act.

— We hereby confirm that we have not provided the prohibited non-audit services referred to in Art. 64 of the Independent Financial Audit Act.

— We hereby confirm that in conducting the audit we have remained independent of the Company.

Audit firm

HLB BULGARIA OOD

Одиторско дружество София Рег. № 017 Ейч Ел Би България ООД

Manager:

Veronika Revalska

Registered auditor, responsible for the audit:

Svetlana Pavlova

12 April 2021

Separate Statement of Financial Position

Assets	Note	31 December 2020 BGN '000	31 December 2019 BGN '000
Non-current assets			
Property, plant and equipment	5	2,328,304	2,408,171
Intangible assets	6	6,768	8,672
Investment properties	7	4,115	4,120
Investments in subsidiaries	8	22,161	15,161
Loans granted to related parties	35.2	5,989	8,289
Long-term trade and other receivables	9	1,145	3,818
Equity instruments at fair value through other comprehensive income (OCI)	10	510	457
Non-current assets		**2,368,992**	**2,448,688**
Current assets			
Nuclear Fuel	12	433,399	303,607
Inventory	13	56,928	54,303
Trade and other receivables	14	43,840	70,624
Loans granted to related parties	35.2	2,398	2,374
Related parties receivables	35.1	32,868	53,924
Income tax payments		1,834	764
Cash and cash equivalents	15	485,106	395,583
		1,056,373	**881,179**
Assets included in disposal groups classified as non-current assets held for distribution to owners	16	56,242	57,277
Current assets		**1,112,615**	**938,456**
Total assets		**3,481,607**	**3,387,144**

Prepared by: ____________
/Margarita Mankova/

Chief Executive Officer: ____________
/Nasko Mihov/

АЕЦ Козлодуй ЕАД * Козлодуй *

The Separate Financial Statements were approved for issue by a decision of the Board of Directors on 08 April 2021.

Audit firm
HLB Bulgaria OOD

Одиторско дружество София Рег. № 017 Ейч Ел Би България ООД

Финансов отчет, върху който сме издали одиторски доклад с дата:
12. 04. 2021
„Ейч Ел Би България" ООД
HLB Bulgaria Ltd.
Управител: .... Регистриран одитор: ....

The accompanying notes, pages 8 to 74, form an integral part of these separate annual financial statements.

Separate Statement of Financial Position (continued)

	Note	31 December 2020	31 December 2019
Equity and liabilities		**BGN '000**	**BGN '000**
Equity			
Share capital	17.1	244,585	244,585
Legal reserves	17.2	24,458	24,458
Revaluation reserve of non-financial assets	17.3	1,399,254	1,400,140
Revaluation reserve of defined benefit plans		(69,450)	(70,375)
Revaluation reserve of financial assets at fair value		250	203
Other reserves	17.4	676,667	676,667
Retained earnings		519,831	405,645
Total equity		**2,795,595**	**2,681,323**
Liabilities			
Non-current liabilities			
Borrowings	18	-	10,879
Retentions on construction contracts	19	326	978
Financing	20	103,158	106,966
Pension and other employee obligations	21	89,115	84,707
Long-term trade and other payables	22	6,118	13,181
Deferred tax liabilities	11	141,292	147,751
Non-current liabilities		**340,009**	**364,462**
Current liabilities			
Trade and other payables	22	167,989	143,749
Payables to related parties	35.1	4,807	5,424
Borrowings	18	11,170	22,833
Financing	20	4,206	4,340
Retentions on construction contracts	19	3,626	3,210
Pension and other employee obligations	21	28,606	34,272
Provision for spent nuclear fuel and others	23	79,720	81,652
		300,124	**295,480**
Liabilities included in disposal groups classified as non-current assets held for distribution to owners	16	45,879	45,879
Current liabilities		**346,003**	**341,359**
Total liabilities		**686,012**	**705,821**
Total equity and liabilities		**3,481,607**	**3,387,144**

Prepared by: ______________
/Margarita Mankova/

Chief Executive Officer: ______________
/Nasko Mihov/

АЕЦ Козлодуй ЕАД
гр. Козлодуй

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Separate Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December

	Note	2020	2019
		BGN '000	BGN '000
Revenue from sale of electricity		1,255,807	1,312,117
Revenue from sale of heat energy		2,161	1,933
Revenue from sale of production	24	**1,257,968**	**1,314,050**
Income from financing		3,942	4,081
Other revenues and incomes	25	9,916	9,645
Gains from sale of non-current assets		415	3
Change in the fair value of investment properties		-5	20
Cost of materials	27	(131,783)	(134,162)
Hired services costs	28	(157,358)	(134,489)
Employee benefits expenses	29	(240,446)	(234,521)
Provisions for post-employment benefit plans	21	(17,346)	(40,862)
Depreciation and amortisation costs, and revaluation of PPE	5,6	(178,559)	(168,977)
Provisions costs	30	(37,924)	(39,881)
Impairment costs/reversed impairment on financial assets (net)	31	1,693	477
Other expenses	32	(205,417)	(210,138)
Cost of goods sold and other current assets		(368)	(670)
Change in work in progress		834	(9,409)
Acquisition of self-constructed machinery, plant and equipment		232	3,850
Operating profit		**305,794**	**359,017**
Financial costs	33	(1,587)	(2,117)
Financial income	33	2,170	4,006
Profit before tax		**306,377**	**360,906**
Income tax expenses	34	(30,567)	(36,014)
Profit for the year from continuing operations		**275,810**	**324,892**
Profit for the year from discontinued operations		-	-
Profit for the year		**275,810**	**324,892**

Prepared by: ______________
/Margarita Mankova/

Chief Executive Officer: ______________
/Nasko Mihov/

ЕЦ Козлодуй ЕАД
Козлодуй

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Audit firm
HLB Bulgaria OOD

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The accompanying notes, pages 8 to 74, form an integral part of these separate annual financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December (continued)

	Note	2020 BGN '000	2019 BGN '000
Profit for the year		275,810	324,892
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of the liabilities under defined benefit plans	21	1,028	(27,419)
Change in the fair value of financial instruments at fair value through other comprehensive income			
– losses for the current period		(19)	(9)
Income tax relating to items not reclassified	11	(101)	2,743
Other comprehensive income for the year, net of tax		908	(24,685)
Total comprehensive income for the year		276,718	300,207

Prepared by: ____________
/Margarita Mankova/

Chief Executive Officer: ____________
/Nasko Mihov/

„АЕЦ Козлодуй" ЕАД гр. Козлодуй

The Separate Financial Statements were approved for issue by a decision of the Board of Directors on 08 April 2021.

Audit firm
HLB Bulgaria OOD

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Одиторско дружество София Рег. № 017 Ейч Ел Би България ООД

Separate Statement of Changes in Equity

All amounts are in BGN '000	Share capital	Legal reserves	Revaluation reserve of non-financial assets	Revaluation reserve of defined benefit plans	Revaluation reserve of financial assets at fair value	Other reserves	Retained earnings	Total equity
Balance at 1 January 2020	**244,585**	**24,458**	**1,400,140**	**(70,375)**	**203**	**676,667**	**405,645**	**2,681,323**
Dividends	-	-	-	-			(162,446)	(162,446)
Transactions with the Sole Owner	**-**	**-**	**-**	**-**			**(162,446)**	**(162,446)**
Profit for the year	-	-	-	-		-	275,810	275,810
Other comprehensive income, net of tax	-	-	(64)	925	47	-	-	908
Total comprehensive income for the year	**-**	**-**	**(64)**	**925**	**47**	**-**	**275,810**	**276,718**
Transfer of revaluation reserve of non-financial assets to retained earnings	-	-	(822)	-		-	822	-
Balance at 31 December 2020	**244,585**	**24,458**	**1,399,254**	**(69,450)**	**250**	**676,667**	**519,831**	**2,795,595**

Prepared by: ____________
/Margarita Mankova/

Chief Executive Officer: ____________
/Nasko Mihov/

„АЕЦ Козлодуй" ЕАД * гр. Козлодуй *

The Separate Financial Statements were approved for issue by a decision of the Board of Directors on 08 April 2021.

Audit firm
HLB Bulgaria OOD

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 017 Ейч Ел Би България ООД

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Управител: .... Регистриран одитор: ....

The accompanying notes, pages 8 to 74, form an integral part of these separate annual financial statements.

Separate Statement of Changes in Equity (continued)

All amounts are in BGN '000	Share capital	Legal reserves	Revaluation reserve of non-financial assets	Revaluation reserve of defined benefit plans	Revaluation reserve of financial assets at fair value	Other reserves	Retained earnings	Total equity
Balance at 01 January 2019	**244,585**	**24,458**	**1,400,874**	**(45,698)**	**211**	826,667	160,112	2,611,209
Dividends	-	-	-	-		(150,000)	(80,056)	(230,056)
Transactions with the Sole Owner	**-**	**-**	**-**	**-**		**(150,000)**	**(80,056)**	**(230,056)**
Profit for the year	-	-	-	-		-	324,892	324,892
Other comprehensive income, net of tax	-	-	-	(24,677)	(8)	-	-	(24,685)
Total comprehensive income for the year	**-**	**-**	**-**	**(24,677)**	**(8)**	**-**	**324,892**	**300,207**
Transfer of revaluation reserve of non-financial assets to retained earnings	-	-	(734)	-		-	734	-
Other changes in equity	-	-	-	-		-	(37)	(37)
Balance at 31 December 2019	**244,585**	**24,458**	**1,400,140**	**(70,375)**	**203**	**676,667**	**405,645**	**2,681,323**

Prepared by: ______
/Margarita Mankova/

Chief Executive Officer: ______
/ Nasko Mihov /

АЕЦ Козлодуй ЕАД
гр. Козлодуй

The Separate Financial Statements were approved for issue by a decision of the Board of Directors on 08 April 2021.

Audit firm
HLB Bulgaria OOD

Одиторско дружество
София
Рег. № 017
Ейч Ел Би България ООД

Финансов отчет,
върху който сме издали одиторски
доклад с дата:
12. 04. 2021
„Ейч Ел Би България" ООД
HLB Bulgaria Ltd.
Управител: .... Регистриран одитор: ....

The accompanying notes, pages 8 to 74, form an integral part of these separate annual financial statements.

Separate cash flow statement for the year, ended 31 December

	Note	2020 BGN '000	2019 BGN '000
Operating activities			
Cash receipts from customers		1,542,877	1,558,261
Cash paid to suppliers		(469,081)	(339,827)
Cash paid to employees and social security institutions		(247,986)	(242,092)
Cash paid for fees, commissions, and other		(20)	(27)
Cash paid to the RAW Fund, NFD Fund, and SES Fund		(190,867)	(202,330)
(Paid to)/receipts from income taxes		(38,198)	(54,598)
Cash flows related to other tax and payments to the governmental budget		(179,419)	(185,840)
Cash flows related to insurance		(13,925)	(15,478)
Other cash flows from operating activities		(12,425)	(5,608)
Net cash flow from continuing operations		**390,956**	**512,461**
Net cash flows from operating activities		**390,956**	**512,461**
Investing activity			
Acquisition of long-term investments		(7,000)	-
Purchase of property, plant, and equipment		(112,810)	(94,865)
Proceeds from disposals of property, plant, and equipment		1,383	4
Loan repayments received	35.2	2,250	2,200
Interest received	35.2	254	308
Dividends received		969	869
Net cash flows from investing activity		**(114,954)**	**(91,484)**
Financing activity			
Repayments of borrowings		(22,247)	(33,005)
Leasing payments		(232)	(116)
Interest paid		(912)	(1,385)
Dividends paid		(162,446)	(230,056)
Net cash flows from financing activity		**(185,837)**	**(264,562)**
Net change in cash and cash equivalents		**90,165**	**156,415**
Cash and cash equivalents, beginning of year		395,583	239,725
Effect from expected credit losses under IFRS 9		(642)	(557)
Cash and cash equivalents at the end of the year	15	**485,106**	**395,583**

Prepared by: ____________
/Margarita Mankova/

Chief Executive Officer: ____________
/Nasko Mihov/

АЕЦ Козлодуй ЕАД
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Одиторско дружество
София
Рег. № 017
Ейч Ел Би България ООД

The accompanying notes, pages 8 to 74, form an integral part of these separate annual financial statements.

Notes to the Separate Financial Statements

1. Principal activities

Kozloduy NPP EAD ('the Company') is a single-owner shareholding company, established by virtue of Decision No. 582 from 2000 of Vratsa District Court. The Company is registered in the town of Kozloduy 3321, Vratsa District, Bulgaria. 3321. The Company was established as a shareholding company on 28 April 2000 with a sole owner - the Republic of Bulgaria through spin-off from 'Natsionalna Elektricheska Kompania' EAD (National Electricity Company, NEK EAD). The Company is a legal successor of the respective portion of assets and liabilities of NEK EAD, Sofia, in accordance with the Separation Protocol for the Kozloduy NPP branch and GUP Atomenergoinvest, Kozloduy, compiled and based on the available accounting records dated 28 April 2000. As of 18 September 2008, the rights of the sole shareholder of the Company are exercised by the Ministry of Economy and Energy through the incorporated Bulgarian Energy Holding EAD.

The Company's financial year ends on 31 December.

The principal activity of the Company includes use of nuclear energy to generate electrical and thermal power.

As at 31 December 2020, Bulgarian Energy Holding EAD is the sole owner of the Company's share capital. The Company's ultimate owner is the Republic of Bulgaria through the Ministry of Energy.

The Company has a one-tier management system and is managed by a Board of Directors with the following members as at 31 December 2020:

- Jacklen Yosif Cohen, Chairman
- Ivan Todorov Yonchev, Member
- Nasko Asenov Mihov, Member

As at 31 December 2020, the Company is represented by the Chief Executive Officer Nasko Mihov.

As at 31 December 2020, the number of the staff employed by the Company under employment contracts is 3,674. (31 December 2019: 3,772).

2. Basis for the preparation of the separate financial statements

The separate financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as developed and issued by the International Accounting Standards Board (IASB), adopted by the European Union (EU).

The separate financial statements are presented in Bulgarian leva (BGN) which is the functional currency of the Company. All amounts are denominated in thousands of BGN (BGN '000) (including comparative information) unless otherwise specified.

These financial statements are separate for the Company. The Company also prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as developed and issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU), where investments in subsidiaries are stated in accordance with IFRS 10 'Consolidated Financial Statements'.

The separate financial statements are prepared under the going concern principle.

As at the date of preparation of the current separate financial statements, the management has analysed the Company's ability to continue to operate as a going concern, taking into account the available information about the foreseeable future. As a result of the review carried out of the Company's activities, the management anticipates that the Company will have sufficient resources to continue its operating activities in the foreseeable future and believes that the going concern principle is appropriate for the preparation of the separate financial statements.

3. Changes in accounting policy

3.1. New standards, amendments, and interpretations of the IFRS which came into effect as of 01 January 2020

The Company applies the following new standards, amendments, and interpretations of the IFRS developed and published by the International Accounting Standards Board which have an effect on the Company's financial statements and are mandatory for the period starting on 01 January 2020:
The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2020:

- **Definition of Material – Amendments to IAS 1 and IAS 8 – effective date 1 January 2020**

The IASB has made amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
- the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

- **Definition of a Business – Amendments to IFRS 3 - effective date 1 January 2020**

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

- **Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39 - effective date 1 January 2020**

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments': Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the modifications which are required as a direct consequence of the interest rate benchmark reforms and are performed on an economically equivalent base should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

- **Revised Conceptual Framework for Financial Reporting - effective date 1 January 2020**

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
  reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition

- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

- **Covid-19-related Rent Concessions – Amendments to IFRS 16 - effective date 1 June 2020**

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 'Leases' which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.
Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

(b) The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2020.

- **IFRS 17 'Insurance Contracts' - effective date: Originally 1 January 2021, but extended to 1 January 2023 by the IASB in March 2020**

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.
An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by life insurers.
There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.
The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

3.2. Standards, amendments, and interpretations which have not yet come into effect and have not been applied from an earlier date by the Company

As at the date of approval of these financial statements new standards, amendments and interpretations have been published to the already existing standards, but which have not come into effect or have not been adopted by the EU for the financial year starting 01 January 2020, and have not been applied as of an earlier date by the Company. They are not expected to have a material effect on the financial statements of the Company. The management expects that all the standards and amendments will be adopted in the accounting policy of the Company in the first period starting after the date of the their coming into effect.

The changes are related to the following standards:

- **Classification of liabilities as current or non-current - Amendments to IAS 1 - effective date: 1 January 2022 [possibly deferred to 1 January 2023]**

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.
The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.
They must be applied retrospectively in accordance with the normal requirements in IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.
In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

- **Properties, plant and equipment: Proceeds before intended use – Amendments to IAS 16 - effective date: 01 January 2022**

The amendment to IAS 16 'Property, Plant and Equipment (PP&E)' prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.
Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

- **Reference to the Conceptual Framework – Amendments to IFRS 3 - effective date: 01 January 2022**

Minor amendments were made to IFRS 3 'Business Combinations' to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets and Interpretation' 21 'Levies'. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

- **Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37 - effective date: 01 January 2022**

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

- **Annual Improvements to IFRS Standards 2018–2020 - effective date: 01 January 2022**

The following improvements were finalised in May 2020:

- IFRS 9 'Financial Instruments' – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 'Leases' – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 'First-time Adoption of International Financial Reporting Standards' – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 'Agriculture' – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

- **Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28**

The IASB has made limited scope amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures'. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.
In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

At the date of authorisation of these consolidated financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

4. Accounting Policy

4.1. Overview

The most significant accounting policies applied in the preparation of these separate financial statements are presented below.

The financial statements have been prepared in accordance with the principles for the measurement of all types of assets, liabilities, income and expenses, in accordance with IFRS. The valuation bases are disclosed in detail further down in the accounting policy to the separate financial statements.

It should be noted that accounting estimates and assumptions were used to prepare the presented financial statements. Although they are based on information provided to management as at the date of preparation of the financial statements, the actual results may differ from the estimates and assumptions made.

4.2. Presentation of the separate financial statements

The separate financial statements are presented in accordance with IAS 1 'Presentation of Financial Statements'. The Company has accepted to present the statement of profit or loss and other comprehensive income in a single statement.

Two comparative periods are presented in the separate financial statements, when the Company:

(a) applies an accounting policy retrospectively;

(b) retrospectively recalculates positions in the financial statements; or

(c) reclassifies items in the financial statements.

and this has a material effect on the information in the separate statement of financial position at the beginning of the previous period.

4.3. Transactions in foreign currency

Transactions in foreign currencies are reported in the functional currency of the Company at the official exchange rate at the date of the transaction (according to the official exchange rate of the Bulgarian National Bank). Gains and losses from exchange rate differences, arising in the process of settlement of those transactions and revaluation of foreign currency monetary items at the end of the reporting period, are recognised in the profit or loss.

Non-monetary items measured at historical cost in foreign currency are reported at the exchange rate as at the date of transaction. Non-monetary items measured at fair value in foreign currency are reported at the exchange rate at of the date of determining the fair value.

4.4. Investments in subsidiaries

Subsidiaries are all entities, controlled by the Company. The Company's control over subsidiaries is expressed as its ability to manage and determine the financial and operating policy of the subsidiaries, so that benefits can be obtained from the activities of these subsidiaries. Investments in subsidiaries are carried at cost (acquisition cost) in the separate financial statements of the Company.

The Company recognises dividends from subsidiaries in profit or loss, in its separate financial statements, when the Company's right to obtain those dividends is established.

4.5. Revenues

A. Revenue from contracts with customers

Recognising and evaluating revenue from customer contracts

The main revenues generated by the Company are related to the sale of electrical and heat energy.

In order to decide whether and how to recognise revenues, the Company uses the following 5 steps:

1. Identification of the contract with the client
2. Identification of the performance obligations
3. Determining the value of the transaction
4. Allocating the value of the transaction to the performance obligations
5. Recognising the revenues when the performance obligations to be performed are met.

The revenues are recognised either at a certain moment or in the course of time, when or until the Company meets the performance obligations transferring the promised goods or services to its customers.

The Company recognises as liabilities under contract payment received in relation to unsatisfied performance obligations and presents them as other liabilities in the statement of the financial position. In the same way, if the Company meets the performance obligation, prior to receiving the payment, it recognises in the statement of the financial position either an asset under a contract, or a receivable, depending on whether something else is required apart from certain time for receiving the consideration.

Revenues from contracts with customers are recognised when the control of the goods and/or services promised in the contract is transferred to the customer in an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services.

The control is transferred to the customer when (or as) the customer meets the performance obligation, under the terms of the contract, by transferring the promised product or service to the customer. An asset (product or service) is transferred when (or as) the customer gains control over that asset.

In the initial assessment of its contracts with customers, the Company assesses whether two or more contracts are to be treated in combination and accounted for as one, and whether the promised goods and/or services in each separate and/or combined contract are to be accounted for as one and/or more performance obligations.

Any promise to transfer goods and/or services that are identifiable (on their own and in the context of the contract) is reported as one performance obligation.

The Company recognises revenue for each separate performance obligation at the level of individual contract with customer by analysing the type, timing and terms of each particular contract. For contracts with similar characteristics, revenues are recognised on a portfolio basis only if their grouping in a portfolio would not have a materially different effect on the financial statements.

Clients' contracts typically include a single performance obligation.

Measurement

Revenues are measured on the basis of the transaction price specified for each contract.

In determining the transaction price, the Company takes into account the terms of the contract and its usual business practices.

The transaction price is the amount of the consideration the Company expects to be entitled to in exchange for the transfer of the promised goods or services to the customer, except for amounts collected on behalf of third parties (e.g. value added tax). The consideration promised in the contract with the customer may include fixed amounts, variable amounts, or both.

When (or as) a performance obligation is met, the Company recognises as revenue the cost of the transaction (which excludes estimates of variable consideration containing limitations) that is attributable to that performance obligation.

The Company examines whether there are other promises in the contract that are separate performance obligations for which part of the transaction price should be allocated.

When determining the transaction price, account is taken of the impact of variable consideration, the existence of significant components of funding, non-monetary consideration and consideration owed to the customer (if any).

Performance obligations and recognition approach to main types of revenue under contracts with customer

Sale of electricity

Electricity supplies are carried out all year-round in a continuous mode of operation. Since the customer simultaneously receives and consumes the benefits, the Company transfers the control over electricity over time and therefore meets the performance obligation and recognises revenues over time.

The sales revenue shall be recognised at every transfer of control over the electricity when it is supplied to the customer and there are no unmet obligations which could affect the acceptance of electricity on behalf of the customer. The electricity is deemed to be delivered to the customer as soon as the schedules of the Seller and the Buyer are recorded in the Schedule Notification System administered by the Electricity System Operator EAD after the parties have an agreement on the schedules. The schedules are uploaded every day until 15.30 for the next day, both for liberalized and for regulated market, and for exchange. The so-called net monthly trade measurement of the quantities at the OSY (Open Switchyard) outlets is carried out, which should correspond to the quantities quoted in the schedules.

Electricity sales do not have a financing component, as sales are paid for up to 1 year of deferred payment.

A receivable is recognised with the delivery of electricity as this is the moment when the right to consideration becomes unconditional and it only requires the expiry of the time before the payment becomes due.

Revenue is invoiced under the terms of the contract.

Sale of heat energy

Heat energy supplies are carried out during the heating season in a continuous mode of operation. Since the customer simultaneously receives and consumes the benefits, the Company transfers the control over the heat energy over time and therefore meets the performance obligation and recognises revenue over time.

Sales revenue is recognised on each transfer of control over the heat energy when it is delivered to the buyer and there are no outstanding obligations that could affect the buyer's heat energy acceptance. The heat energy is considered delivered to the customer at the time of consumption. The delivered quantities are reported by means of a heat meter in the substation where the commercial metering takes place once a month.

Heat energy sales do not have a financing component, as sales are paid for up to 1 year of deferred payment.

A receivable is recognised with the delivery of heat energy as this is the moment when the right to consideration becomes unconditional and it only requires the expiry of the time before the payment becomes due.

Revenue is invoiced on a monthly basis according to the terms of the contract concluded.

Revenue from services

Lease payments under operating lease contracts are recognised as income on the straight-line basis over the lease term unless the Company's management decide that another systematic basis is more representative of the time pattern the use of which has reduced the benefit from the leased asset.

Revenue from sales of current assets

Revenues from sales of current assets are recognised when the control over the assets sold is transferred. The delivery is effected when the assets have been paid to the customer, the risks of potential losses have been transferred to the customer and/or the customer has accepted the assets in accordance with the sale contract.

Principal or agent

When a third party participates in the provision of goods or services to a customer, the Company shall determine whether the nature of their promise represents an obligation to perform the provision of the particular goods or services (a principal), or by arranging for the third party to provide those goods or services (an agent).

The Company is the principal when it controls the promised goods or service before transferring it to the customer. However, the Company does not necessarily act as the principal if it receives the ownership of an asset only temporarily before the ownership right is transferred to the customer.

The Company is an agent if the Company's performance obligation is to arrange the delivery of the goods or services from a third party. When an agent Company fulfils a performance obligation, it recognises revenue in the amount of the fee or commission it expects to have the right to in exchange for arranging for the goods and services to be provided by another party. The fee or commission of the Company may be the net amount of the consideration the Company retains after paying to the other party the consideration received in exchange for the goods or services to be provided by that party.

The signs that the Company is an agent include the following elements:

- a third party bears the primary responsibility for the performance of the contract;
- before or after the goods have been ordered by the customer, upon dispatch or upon return of the goods there is no risk for the Company's inventories;
- the Company does not have the power to determine the prices of the other party's goods or services and therefore the benefit the Company can obtain from these goods and services is limited;
- the consideration to the Company is in the form of a commission;
- the Company is not exposed to a credit risk for the receivable from the customer in exchange for the other party's goods or services.

The Company is an agent in the following transactions:

- fee/obligation to society component;
- consumables under rental contracts.

Contractual balances

Trade receivables and assets under contracts

Receivable is the right of the Company to receive consideration at a certain amount, which is unconditional (i.e., before the payment of the consideration becomes due, it is only necessary for a certain period of time to expire).

The asset under a contract is the right of the Company to receive consideration in exchange for the goods or services it has transferred to the customer but which is not unconditional (charging a receivable). If, through the transfer of the goods and/or the provision of services, the Company fulfils its obligation before the customer has paid the respective consideration and/or before the payment becomes due, a asset under a contract is recognised for the earned consideration (which is conditional). Recognised assets under contract are reclassified as a trade receivable when the right to consideration becomes unconditional.

Liabilities under contracts

As a contractual liability, the Company presents the payments received from the customer and/or an unconditional right to receive a payment before fulfilling its contractual performance obligations. Contractual liabilities are recognised as revenue when (or as) the performance obligations are met.

Assets and liabilities arising from a contract are presented net in the separate statement of financial position even if they are the result of different contractual obligations for performance of the contract.

After the initial recognition, trade receivables and assets under contracts are subject to an impairment review in accordance with the IFRS 9 'Financial Instruments'.

B. Other revenues and incomes

Other revenues include operations that are incidental to the Company's core business and are revenues or incomes that are recognised under other standards and are outside the scope of IFRS 15.

Revenue	Recognition approach
Net profit from sale of property, plant, and equipment and intangible assets	Gains or losses arising from derecognition of assets from property, plant and equipment or an intangible asset as a result of a sale shall be included in profit or loss when the asset is derecognised. The asset is derecognised at the time the control over the sold asset is transferred.
Revenues from revaluation of property, plant, and equipment	Revenue from revaluations is reported as revenue to the amount of previously charged expenses.
Rental income	Lease payments under operating lease contracts are recognised as income on the straight-line basis over the lease term unless the management decides that another systematic basis is more representative of the time pattern the use of which has reduced the benefit from the leased asset.
Surplus assets and asset liquidation	Revenues from surplus assets are recognised when surpluses are established.
Revenue from financing	Where the grant (financing) is related to an item of expenditure, it is recognised as revenue for the periods necessary to compare it on a systematic basis with the expenditures it is intended to compensate. When the grant (financing) relates to an asset, it is presented as a liability and is included in the income over the useful life of the related asset.
Revenue from insurance events	The revenue is recognised when the Company's right to receive payment is established.
Income from penalties	The revenue is recognised when the Company's right to receive payment is established.
Revenues from derecognition of liabilities	The revenue from derecognition is recognised when the liability expires or the creditor waives its rights.

C. Financial revenues

Financial revenues are included in the separate profit and loss and other comprehensive income statement when incurred, and include interest income on loans granted and term deposits, income from dividends from other entities.

Financial revenues are presented separately from the financial expenses on the face of the separate profit and loss and other comprehensive income statement.

Recognition of interest income

Interest income is calculated by applying the effective interest rate on the gross carrying amount of financial assets, as per the requirements of IFRS 9 'Financial Instruments', except for financial assets impaired by credit (Phase 3) for which interest income is calculated by applying the effective interest rate on their amortised cost (gross carrying amount adjusted with the provision for expected credit losses).

The income from dividends is recognised at the time when the right to receive the payment arises.

D. Income from financing

Financing represent grants provided by the Government (the Government, government agencies and others governmental bodies, either local, national, or international) that meet the definition of Government grants under IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'.

Government grants are recognised in the separate statement of financial position of the Company when there is reasonable assurance that the Company comply with any conditions attached to the grant and the grant will be received. Grants that relate to current activities are recognised on a systematic base, over the periods in which the expenses, which the grants shall compensate, are recognised. Grants, related to the acquisition of non-current assets, are presented as deferred income and are recognised in the profit or loss, on a systematic base, over the useful life of the respective asset.

Non-monetary government grants are recognised at the fair value of the non-monetary asset, as evaluated by qualified actuary at the transfer date.

4.6. Assets and liabilities under contracts with clients

The Company recognises assets and/or liabilities under a contract when one of the contractual parties has performed its obligations depending on the relation between the activity of the enterprise and the payment by the client. The Company presents separately each unconditional right to consideration as a receivable. Receivable is the unconditional right of the enterprise to receive consideration.

Liabilities under a contract are recognised in the statement of the financial positions, if a client pays a consideration or the Company is entitled to consideration which is unconditional before the control over the goods or service is transferred.

The Company recognises assets under a contract when the performance obligations are met and the payment is not due on behalf of the client. An asset under a contract is the right of the Company to receive consideration in exchange for the goods or services it has transferred to the customer.

Subsequently, the Company evaluates an asset under a contract in accordance with IFRS 9 'Financial Instruments'.

4.7. Operating costs

Operating costs are recognised in profit or loss when the services are consumed or at the date when the cost are incurred.

Electricity costs
In accordance with the 'Ordinance on regulating the prices of electric power' issued by the Energy and Water Regulatory Commission (EWRC), production costs directly attributable to the generated product are included in the prime cost of electricity.
Costs, incurred for nuclear fuel, are carried in accordance with the methodology established by the Company. Electricity costs attributable to nuclear fuel are derived by multiplying the fuel component, calculated as per the relevant methodology, by the estimated gross amount of electricity generated by the relevant unit.
Costs for the Decommissioning of Nuclear Facilities (DNF) Fund and Radioactive Waste (RAW) Fund are calculated in accordance with the relevant decrees and regulations of the Council of Ministries and are recognised as other costs.

Cost of generation and transmission of heat energy
The district heating direct prime cost is derived from generation and distribution costs. The district heating costs include the conditionally fixed and variable (nuclear fuel) costs incurred at Units 5 and 6 multiplied by a reduction factor. The reduction factor refers to the relative share of electricity underproduction against the gross electrical energy, generated by Electricity generation - 2 (EP-2). The underproduction is calculated on a monthly basis by the 'Planning and Sales' Division. The reduced expenses decrease the electricity generation costs. These costs are included into the prime cost of generated heat and the cost derived from the generation of heat intended for the various administrative units on-site.
Referring to the activity 'District heating generation and distribution':

- The prime cost of the heat energy comprises the conditionally fixed and variable expenses of EP-2;
- All variable and conditionally fixed costs of the District Heating Department are included in the heat distribution prime cost.

The heat energy for the Kozloduy NPP's own facilities is recognised on an ongoing basis over the year as cost at the selling price of heat energy to consumers, and it is balanced with the actual cost as at year-end.

Costs of auxiliary and additional operations
The costs of auxiliary and additional operations are accounted for in separate accounting record groups, including direct and indirect costs. The allocation basis of the indirect technological costs is as follows:

- For maintenance:
  - For off-site facilities – labour hour inputs per facilities and orders;
  - For NPP on-site facilities – material inputs per facilities and orders;
- For road transport – fuel consumption;
- For the principal activity – electricity generation, as follows:

The social expenses are allocated under the coefficient method, based on the number of personnel engaged in the activities 'Electricity Generation' and 'Heat Distribution'.

Administrative costs are accounted for as current costs. The accrued 'taxes on expenses', within the meaning of the Corporate Income Tax Act, are also accounted for here.

The local taxes and fees, as per the meaning of the Local Taxes and Fees Act, are included in the separate profit or loss and other comprehensive income statement under 'Hired services costs'.

4.8. Interest and borrowing costs

Interest costs are recognised currently, using the effective interest rate method.

Borrowing costs are mainly comprised of interest on the bank loans, obtained by the Company. All borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset, are capitalised over the period in which the asset is expected to be completed and ready for use or sale, by applying a capitalisation rate to the expenses on that asset. The capitalisation rate is the weighted average of the borrowing costs, attributable to the loans of the Company, which are unsettled during the period, excluding loans, obtained exclusively for the purpose of acquiring a qualifying asset.

All other borrowing costs are recognised as an expense, in the period when incurred, in the separate profit or loss and other comprehensive income statement under 'Finance costs'.

4.9. Profit or loss from discontinued operations

Discontinued operation is a component of the Company that either has been disposed, or was classified as 'held-for-sale', or as held for distribution to owner, and:

- Represents certain principal activity or covers activities in certain geographical area;
- Is part of a separate coordinated plan to dispose of a principal activity or activities in certain geographical area; or
- Represents a subsidiary acquired exclusively with the purpose of reselling.

Profit or loss from discontinued operations, as well as components of the previous year's profit or loss are presented in the statement of profit or loss and other comprehensive income, as one (total) amount.

Disclosures of discontinued operations relate to all the activities that have been discontinued as at the date of the separate financial statements for the latest presented reporting period. In the event that activities previously presented as discontinued are renewed in the current year, the relevant disclosures for the previous reporting period are adjusted, too.

4.10. Intangible assets

Separately acquired intangible assets are measured initially at acquisition cost, including all paid custom duties, non-refundable taxes and any directly incurred costs related to the preparation of the asset for its intended use, where the capitalised costs are then amortised based on the straight-line method over the defined period of the assets' useful life, as the latter is considered finite.

Intangible assets are subsequently measured at their purchase price less all accumulated amortisations and impairment losses. The impairments conducted are reported as expenses and are recognised in the separate statement of profit or loss and other comprehensive income for the respective period.

Intangible assets with finite useful life are amortised over their useful life and reviewed for impairment when there are indications that their value has been impaired. The amortisation period and method for amortisation of intangible assets with finite useful life are reviewed at least at each financial reporting year-end. Changes in the expected useful life or in the pattern of consumption of the future economic benefits, embodied in the asset, are accounted for by changing the amortisation period, or the amortisation method, and are treated as changes in accounting estimates.

Subsequent expenses, incurred in respect of intangible assets after their initial recognition, are recognised in the statement profit or loss and other comprehensive income for the period, when such are incurred, except of the cases where, because of these subsequently incurred expenses, the intangible asset can generate more than the initially estimated future economic benefits, and where such expenses can be reliably measured, and attributed to the asset. If these requirements are met, the incurred expenses are added to the cost of the asset.

The Management estimates the residual value and useful life of intangible assets as at each reporting date.

Intangible assets are amortised on the straight-line method, over the assets' useful life. The useful life of intangible assets is defined as finite:

Software products	2-10 years
Licenses	The validity period of the licence
Others	3-10 years
Development products	5-20 years

Amortisation costs are included in the statement of profit or loss and other comprehensive income under 'Depreciation costs'.

Gains or losses arising from the derecognition of intangible assets, representing the difference between the net disposal proceeds and the carrying amount of the asset, are included in the profit or loss and other comprehensive income statement when the asset is disposed.

The intangible assets, created under the Company's development activities to serve the purpose of intra-company users, are recognised by the expertise committee that is appointed by the Company's Management, depending on the intangible asset's completion stage, if the below conditions are met:
- Technical ability to complete the asset;
- Intention to complete the asset;
- The asset can be used or sold, and there is a market for the asset, or the asset is useful for intra-company use;
- Capacity to measure the costs incurred in the development of the asset.

Research activity
Research costs incurred to acquire new scientific or technical knowledge are recognised in profit or loss when incurred.

Research and development costs incurred in relation to external orders under signed contracts with customers are recognised as asset subject to sale.

Indirect technological production costs are allocated based on labour; together with the direct costs they make the prime cost of a created asset.

Development activity
Development activity includes a production plan, or project, for the creation of new, or significantly improved, products and processes. Development costs are capitalised only if these expenses can be measured reliably, the product or the process is technically and commercially possible, future economic

benefits are probable and the Company intends and has sufficient resources to complete the development, and to use or sell the asset. The capitalised costs include materials, labour, production overheads, directly attributable to the asset's preparation for its intended future use, and capitalised interest expenses. Other development costs are recognised in the profit or loss, when incurred. The capitalised development costs are measured at purchase price, less the accumulated amortisation and impairment losses.

Costs incurred in the development of intangible assets, that do not meet capitalisation criteria, are recognised when incurred.

The approved materiality threshold in respect of the intangible assets of the Company amounts to BGN 700.00.

4.11. Property, plant and equipment

Property, plant, and equipment (PPE) are initially measured at prime cost, comprised of the purchase price and all directly attributable costs of bringing the asset to a working condition for its intended use.

After initial recognition, revaluation of PPE applies to entire classes of similar assets, as follows:

No.	PPE Class	Subsequent revaluation model
1	Land	Revaluation model
2	Improvements on lands and terrains	Remeasurement model
3	Buildings and structures	
	• Solid	Revaluation model
	• Hollow	Acquisition cost
4	Machines, plant, and equipment	Remeasurement model
5	Computer systems	Acquisition cost
6	Transport vehicles	
	• Cargo vehicles	Remeasurement model
	• Cars	Acquisition cost
	• Special vehicles	Remeasurement model
7	Furniture, fixtures, and fittings	Acquisition cost
8	Spare parts carried as PPE	Remeasurement model
9	Other PPE	Acquisition cost

Property, plant and equipment, subsequently measured under the revaluation model, are carried at revalued amount which is their fair value at the date of revaluation less any subsequently accumulated depreciations and impairment losses. The conducted revaluations are recognised in the statement of profit or loss and other comprehensive income, and are accumulated in equity (revaluation reserve), if there are no already accrued expenses, associated with such. If a revalued asset is sold or disposed, the remaining revaluation reserve is transferred to retained earnings.

Revaluation are carried at the following intervals:

- When the fair value of the assets changes insignificantly, the assets are revalued once every three years;
- When the fair value of PPE frequently changes significantly, property, plant, and equipment are revalued in shorter intervals, so that the carrying amount of the respective asset does not differ materially from its fair value.

When applying the revaluation model, the frequency of subsequent revaluation of PPE depends on whether the carrying amount of a revalued asset differs materially from its fair value at the end of the reporting period.
In this regard, during the annual stock-taking in the end of the reporting period (financial year-end), the Company reviews PPE to check for any indications that their carrying amount differs materially from their fair value.

Any differences of more than 5% in the carrying amount of property, plant and equipment from their fair value as at the date of preparation of the separate financial statements are regarded as material. Deviations of less than 5% are regarded as material too, when the difference between the carrying value of assets and their fair value as cumulative value of the PPE is essential for the preparation of the separate financial statements.

Property, plant and equipment which are not subsequently measured by applying the revaluation model, are evaluated at acquisition cost less the accumulated depreciation and any accumulated impairment losses. The impairments conducted are reported as expenses and are recognised in the separate statement of profit or loss and other comprehensive income for the respective period.

Subsequent costs related to an item of property, plant and equipment are added to the carrying amount of the asset when it is probable that the Company may have economic benefits, exceeding the originally assessed performance efficiency of the existing asset. All other subsequent costs are recognised as an expense in the period in which they are incurred.

The residual value and useful life of property, plant, and equipment are estimated by the management as at each year-end.

Depreciation of property, plant, and equipment is calculated using the straight-line method over the estimated useful lives of the separate groups of assets, as follows:

Buildings	25-70 years
Machinery, plant, and equipment	5-55 years
Mobile phones	3-5 years
Lifting equipment	22-55 years
Portable tools	5-19 years
I&C systems	5-40 years
Cars	9-42 years
Vehicles	5-40 years
Computer equipment	2-28 years
Furniture	3-35 years

Gains or losses arising from sale of property, plant, and equipment are defined as the difference between the sale proceeds and the carrying amount of the asset.

The approved materiality threshold in respect of the property, plant and equipment of the Company amounts to BGN 700.00.

4.12. Lease (Leased assets)

Accounting policy applicable as of 01 January 2019

The Company as a lessee

For all new contracts signed on or after 01 January 2019 the Company decides whether the contract is a lease or contains a lease. Lease is defined as a "a contract or part of a contract which conveys the right to use an asset (the main asset) over a period of time against payment". To apply this definition the Company makes an assessment whether the contract complies with three key assessments they have given:

- the contract contains an asset which is either explicitly identified in the contract, or implicitly specified, being identified in the moment when the asset is provided to the Company;
- the Company is entitled to receive in essence all economic benefits from the use of the asset over the whole period of use, taking into consideration its rights under the scope defined in the contract;
- the Company is entitled to direct the use of the asset over the whole period of use. The Company assesses whether it is entitled to direct "how and to what end" the asset shall be used over the whole period of use.

Assessing and recognising a lease as a lessee

On the start date of the lease the Company recognises a right-of-use asset or a lease obligation in the balance. The right-of-use asset is evaluated at prime cost which comprises of the original cost of the liability under the lease, all original direct costs incurred by the Company, an evaluation of all expenses for dismantling and disposal of the asset in the end of the lease, and all lease payments, incurred before the start date of the lease (excluding any received incentives).

The Company depreciates the right-or-use assets on the straight-line base as of the start date of the lease to the end of the useful life of the right-of-use asset, or the end of the lease term, whichever comes earlier. The Company also performs a review for impairment of the right-of-use asset, when there are such indicators.

As at the start date the Company evaluates the lease obligation on the current value of the lease payments that were not paid as at that date, discounted, using the interest rate included in the lease contract. If this rate cannot be immediately determined the Company uses the interest rate that it should pay in order to borrow for a similar period of time, under similar collateral, the means required to obtain an asset of similar value in a similar economic environment.

Lease payments included in the evaluation of the lease obligation comprise fixed payments, variable payments based on an index or a rate, sums that are expected to be payable pursuant to residual value guarantee and payments arising from options, reasonably safe to be exercised.

After the start date the Company evaluates the liability under the lease increasing the carrying amount to reflect the lease liability interest, and decreasing the carrying amount to reflect the executed lease payments, and revalues the carrying amount of the liability to reflect revaluations or modifications to the lease contract, or to reflect the adjusted lease payments fixed in essence.

The Company is exposed to potential future increases in the variable lease payments based on an index or an interest rate that are not comprised in the lease liability until they are effected. When the adjustments in the lease payments come into effect, based on an index or interest, the lease obligation is revalued and adjusted against the right-of-use asset.

When the lease liability is revalued the respective adjustment is reflected in the right-of-use asset or in the profit and loss, if the right-of-use asset is already reduced to zero.

The Company chose to report the short-term lease contracts and lease contract where the main asset is of low value, using exemptions from the recognition requirements . Instead of recognising a right-of-use asset and a lease obligation, the payments related to them are recognised as an expense in the profit or loss on a straight line over the term of the lease.

The right-of-use assets are included under the property, plant, and equipment in the statement of financial position, whereas the lease obligations are included under the trade and other payables.

The Company as a lessor

The accounting policy of the Group as regards IFRS 16 has not changed since the comparative period.

As a lessor the Company classifies its lease contracts as operating or financial lease.

Lease is classified as a financial lease if it transfers in essence all risks and benefits related to the ownership of the main asset, otherwise it is classified as an operating lease.

4.13. Impairment tests on investments in subsidiaries, intangible assets, investment properties, and property, plant and equipment

When estimating the amount of impairment, the Company defines the smallest identifiable group of assets, for which individual cash flows can be determined (cash-generating unit). As a result, some assets are subject to impairment tests on an individual basis, while others – based on the cash-generating unit.

All assets and cash-generating units are tested for impairment at least once per year. All other separate assets, or cash-generating units, are tested for impairment when events, or changes in the circumstances, indicate that their carrying amount cannot be recovered.

The amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which higher than the respective fair value net of all costs of disposal of the asset and its value in use, is recognised as impairment loss. When determining the value in use, the Company's Management calculates the expected future cash flows for each cash-generating unit and determines appropriate discounting factor in order to calculate the present value of these cash flows. The data, used in the impairment testing, are based on the latest approved budget for the Company, adjusted, when needed, to eliminate the effect of future reorganisations and significant improvements in the assets. The discounting factors are determined for each cash-generating unit, reflecting their risk profile as assessed by the Company' Management.

Impairment losses from a cash-generating unit are recognised as a decrease of the carrying amount of the assets from that unit. The Company's Management subsequently assesses whether there are indications that the impairment loss of all assets, recognised in previous period, may no longer exist or may have decreased. Impairment recognised in a previous period is reversible if the recoverable amount of a cash-generating unit exceeds its carrying amount.

4.14. Investment properties

Investment properties are assessed initially at cost which comprises the purchase price and any expenses that are directly related to the investment property, e.g. fees for legal services, taxes related to the transfer of the property, and other expenses related to the transaction.

An investment property is recognised as such, if it satisfies the following conditions:

- It complies with the definition of an investment property;
- It is probable that the Company will obtain economic benefits, associated with the assets lease/rental; and
- Its value can be measured reliably.

The Company applies the fair value model for subsequent measurement of the investment property.

Fair value is the price at which the property may be exchanged between informed and willing parties, in a fair transaction between them. The fair value reflects the market conditions as at the date of preparation of the financial statements. Investment properties are revalued on an yearly basis and are included in the statement of financial position at their market values.

Gains/losses arising from changes in the fair value of the investment property are included in the net profit or loss for the period in which the gains/losses are incurred.

Transfers of assets to, or from, the investment property group are only made when there is a change in their use, evidenced by:

- Commencement of use by the Company - transfers from investment property to property used by the owner;
- Commencement of development with the purpose of selling – transfer from an investment property to inventories;
- End of use by the Company and leasing to third parties - transfer from property used by owner to investment property;

- Commencement of an operating lease, of an asset presented as inventory, to another party – transfer from inventories to investment property.

When the use of an investment property changes so that it is reclassified in PPE, its fair value at the reclassification date becomes its acquisition cost to be used in subsequent measurement.

When property used by the Company becomes an investment property carried at fair value, all differences between the carrying amount of the property, in accordance with IAS 16, and its fair value at the date of the change in its use, are carried as revaluation, in accordance with IAS 16.

The carrying value of an investment property is derecognised on sale, when entering in a financial lease, or when no future economic benefits are expected from the property's use.

The Company derecognises its investment properties when selling them or upon their permanent disposal, in the event no economic benefits are expected from their disposal. Gains or losses arising from their disposal or their sale are recognised in the statement of profit or loss and other comprehensive income, and are defined as the difference between the net proceeds from the asset disposal and its carrying value.

4.15. Financial instruments

A financial instrument is any contract that generates a financial asset of an entity and a financial liability or an equity instrument of another entity.

A financial asset is any asset that represents: cash, an equity instrument of another entity, a contractual right to acquire or exchange under potentially favourable terms cash or financial instruments with another entity, and a contract to be settled with equity instruments of the Company and is a non-derivative, it may or will obtain a variable number of its equity instruments or a derivative that can or will be settled by exchanging a fixed amount of cash or other financial assets against a fixed number of own equity instruments.

A financial liability is any liability that represents: a contractual right to provide or exchange under potentially unfavourable terms cash or financial instruments with another entity, and a contract to be settled with equity instruments of the issuer and is a non-derivative, with which the Company may or will obtain a variable number of its equity instruments or a derivative that can or will be settled in a way different from exchanging a fixed amount of cash or other financial assets against a fixed number of equity instruments of the Company.

4.15.1. Financial assets

Initial recognition and classification

The Company initially recognises a financial asset at the time it becomes a party to a contractual arrangement and classifies it according to the business model for managing financial assets and the characteristics of the contracted cash flows.

The Company classifies its financial assets according to their subsequent valuation in three categories: 'financial assets measured at amortised cost', 'financial assets measured at fair value through other comprehensive income', or 'financial assets at fair value through profit or loss', as appropriate, under the contractual terms of the instruments and the established business models in the Company in accordance with IFRS 9.

The Company's business model of the financial assets management refers to the way in which it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from the collection of contractual cash flows, the sale of financial assets, or both.

The management of the Company has determined that the financial assets representing cash in banks, trade receivables, other receivables, litigations and writs receivables and receivables from related parties are held by the Company in order to obtain the agreed cash flows and are expected to generate cash flows, representing only payments of principal and interest (business model applied). Those financial assets have been classified and will be subsequently measured under IFRS 9 at amortised cost.

Initial measurement

Initially, all financial assets, excluding trade receivables, are measured at their fair value plus direct transaction costs if they are not carried at fair value through profit or loss when initially recognised as net of transaction costs. Trade receivables that do not have a significant component of financing and for which the Company applies the practically feasible measure under IFRS 15 in this respect are initially measured at the transaction price in accordance with IFRS 15.

Subsequent measurement and presentation

For the purposes of subsequent measurement and presentation, financial assets are classified into one of the following categories: 'Financial assets measured at amortised cost' (debt instruments), 'financial assets measured at fair value through other comprehensive income with reclassification of accumulated profit or loss' (debt instruments), 'financial assets measured at fair value through other comprehensive income, without reclassification of accrued gains or losses at derecognition' (equity instruments), or 'financial assets measured at fair value through profit or loss' (debt and equity instruments).

Financial assets at amortised cost (debt instruments)

This category includes cash in banks, trade receivables, other receivables, litigations and writs receivables and receivables from related parties and loans granted. This category of financial assets is the most significant for the Company.

The Company measures and evaluates financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the purpose of holding financial assets in order to collect contractual cash flows;
- The agreed terms of the financial asset result in certain dates of cash flows, which are only payments of principal and interest on the outstanding principal.

Subsequent measurement is carried out using the 'effective interest' method through which interest income is calculated using the effective interest rate applied to the gross carrying amount of the instruments. For assets purchased or created with initial credit impairment and those with a recognised credit impairment, the effective interest rate corrected for credit losses, respectively, and the effective interest rate, respectively, apply to the amortised cost of the asset.

Financial assets in this category are subject to impairment testing at the date of each financial statement of the Company, the changes being reflected in profit or loss.

Profits or losses are recognised in profit or loss when the asset is derecognised, changed, or impaired.

Financial assets measured at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Company classifies the investments in equity instruments in this category when they meet the definition of equity in accordance with IAS 32 'Financial Instruments: Presentation' and are not held for trading.

Subsequent measurement of this instrument category is carried at fair value and changes are recognised in other comprehensive income. Fair values are determined on the basis of prices quoted on an active market, and when there is no such - based on measurement techniques, usually an analysis of the discounted cash flows.

Profits or losses from these financial assets are never reclassified in the profit or loss. The dividends are recognised in the 'financial income' item in the separate statement of profit or loss and other comprehensive income when the payment right is established. Equity instruments designated at fair value in other comprehensive income are not subject to impairment.

Financial assets at fair value in profit or loss

The Company estimates all other financial assets other than those that are measured at amortised cost or at fair value through other comprehensive income at fair value through profit or loss.

In case that this eliminates or significantly reduces the discrepancy in the measurement or recognition of a financial asset that would result from recognition of results and changes based on different bases, the Company may apply the exemptions in accordance with IFRS 9 and upon initial recognition to irrevocably designate a financial asset as measured at fair value through profit or loss, including contracts for delivery of a non-financial item. Such financial assets are presented in the notes to the separate financial statement separately from the other instruments for which this measurement approach is mandatory.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or it took the obligation to fully pay up all the cash flows received without significant delay to a third party under a 'transfer' agreement.

When a financial asset is derecognised in its entirety, the difference between (1) the carrying amount (measured at the date of derecognition) and (2) the consideration received (including any new asset received without the new assumption of a new liability) shall be recognised in the profit or loss.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a transfer agreement, it assesses whether and to what extent the risks and benefits of ownership are preserved. When it neither transfers nor substantially retains all the risks and benefits from the asset, nor transfers control over the asset, the Company continues to recognise the transferred asset to the extent of its continuing participation. In this case, the Company recognises a related liability. The transferred asset and the related liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognises provisions for expected credit losses for all debt instruments that are not reported at fair value through profit or loss using the approach presented in the table below:

	Type of financial asset	IFRS 9 category	Impairment approach
1	Short-term trade receivables	Debt instruments measured at amortised cost	Simplified approach
2	Trade receivables containing financing component	Debt instruments measured at amortised cost	Standardised approach
3	Short-term receivables from related parties	Debt instruments measured at amortised cost	Simplified approach
4	Receivables from related parties with a financing component	Debt instruments measured at amortised cost	Standardised approach
5	Proceeds from loans	Debt instruments measured at amortised cost	Standardised approach
6	Cash and cash equivalents	Debt instruments measured at amortised cost	Standardised approach
7	Impairment of receivables from litigations and writs	Debt instruments measured at amortised cost	Simplified approach

Expected credit losses are a probability-weighed assessment of credit losses (i.e. the present value of each shortage of money) over the expected term of the financial instrument. Monetary deficiency is the difference between the cash flows payable to the Company in accordance with the contract and the cash flows that the Company expects to receive. As the expected credit losses account for the amount and timing of payments, an expected credit loss is recognised even if the Company expects the asset to be fully paid but later than the due date.

Impairment and losses on financial instruments are dealt with in three stages, the first two being the expected credit losses for losses that may arise as a result of a non-performance, and the third as credit impairment (loss), based on evidence of potential or actual non-performance under the instruments.

Estimated credit losses for expositions for which there is no significant increase in the credit risk relative to the initial recognition are recognised for credit losses that may arise as a result of non-performance events over the next 12 months. For credit expositions for which there is a significant increase in the credit risk after the initial recognition, a loss adjustment for the expected credit losses over the remaining life of the exposition is required, regardless of the time of non-performance (ECL over the whole life of the instrument).

For trade receivables and contract assets arising from transactions in the scope of IFRS 15 that do not contain a significant component of financing, the Company applies a simplified approach in accordance with IFRS 9 by recognising an allowance for impairment loss for expected credit losses based on the expected credit loss for the full term of the receivables at each reporting date. The Company applies a matrix that calculates the expected credit losses on trade receivables. Receivables are classified in arrears and are grouped by type and client segments with different credit loss models.

For baseline data on trade receivables, the Company uses its accumulated experience of credit losses on such instruments to measure expected credit losses. The historical data used is for back periods of 3 to 5 years, grouped by type and corresponding client segment models, and adjusted by forecast factors specific to debtors and the industry concerned.

For cash in banks, the Company recognises impairment for expected credit losses by applying the Standardized Approach and the credit rating of the financial institutions in which the Company has deposited its cash is used to determine the loss from non-performance in the model parameters.

At each reporting date, the Company sets the depreciation value for each instrument to the amount equal to the expected lifetime losses, if the credit risk for that instrument has increased significantly since the initial recognition.

In case that the credit risk for a financial instrument has not increased significantly since the initial recognition at the reporting date, the impairment for that financial instrument is equal to the expected 12-month credit losses.

4.15.2. Financial liabilities

Initial recognition, classification and measurement

The Company recognises a financial liability in the separate statement of financial position only when it becomes a party to the contractual terms of the financial instrument.

Upon initial recognition, financial liabilities are classified as: 'Financial liabilities subsequently measured at amortised cost' (loans and borrowings, trade and other payables) or 'financial liabilities at fair value through profit or loss'.

Initial recognition occurs at the settlement date and is carried at fair value plus, in the case of financial liabilities that are not carried at fair value through the profit or loss, directly attributable to the acquisition or issue of the financial liability. Loan management fees are deferred over the borrowing period using the effective interest method and are included in the amortised cost of the loans.

The financial liabilities of the Company include loans, trade and other payables, and payables to related parties.

According to their repayment term, financial liabilities are classified as long-term and short-term.

Subsequent measurement

The subsequent financial liabilities measurement depends on their classification as described below:

Financial liabilities carried at fair value in the profit or loss

Financial liabilities carried at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon their initial recognition at fair value through the profit or loss.

Financial liabilities are classified as held for trading if they have been made with the purpose of re-purchasing in the foreseeable future.

Profits or losses from liabilities held for trading are recognised in the separate statement of profit or loss and other comprehensive income.

Financial liabilities designated at their initial recognition at fair value through profit or loss are determined at the initial recognition date, only if the criteria in IFRS 9 are met.

The Company has not designated financial liabilities as reported at fair value in profit or loss.

Financial liabilities measured at amortised cost

The category 'financial liabilities at amortised cost' includes borrowings, trade payables and other payables where the Company has become a party to a contract or an agreement and shall be settled in net cash. This category has the most significant share for the Company's financial instruments and for the Company itself as a whole.

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is calculated, taking into account any discount or premium on acquisition, also fees or expenses that are an integral part of the effective interest rate. Expenses (calculated using the effective interest method) is included as financial expense in the separate statement of profit or loss and other comprehensive income in line 'Financial expenses'.

For financial liabilities carried at amortised cost, a gain or loss is recognised in the profit or loss for the period when the financial asset or financial liability is derecognised or impaired also through the amortisation process.

On initial recognition, trade payables are recognised at nominal value and subsequently measured at amortised cost, net of all payments for debt settlement.

Dividends payable to the sole shareholder are recognised when the dividends are approved by the General Assembly.

Derecognition

The Company derecognises a financial liability only when it settles (fulfils) the obligation, the liability expires or the creditor waives its rights.

When an existing financial liability is replaced by another from the same lender under completely different conditions, or the conditions of the existing obligation are significantly changed, such a replacement or a change shall be treated as disposal of the initial obligation and recognition of a new liability. The difference in the respective carrying amounts is recognised in the separate statement of profit or loss.

The difference between the financial liability carrying amount, either settled or transferred to another party, and what was paid for the settlement, including money and transfer of non-monetary assets, is recognised in profit or losses for the period.

Compensation of financial instruments

Financial assets and financial liabilities are compensated and the net amount is accounted in the separate statement of financial position in case there is an acting legal right to compensate recognised amounts and the Company intends to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16. Inventory

Inventories include materials, work-in-progress, and goods. The cost of inventories comprises the direct costs of purchase or production, the costs of conversion and other direct costs, related to their delivery, as well as part of the production overheads, determined based on the normal production capacity. Financial costs are not included in the cost of inventories. At the end of each reporting period, inventories are carried either at cost or net realisable value, whichever is lower. The amount of any impairment of inventory to their net realisable value is recognised as an expense in the period of impairment.

The net realisable value is the estimated selling price of inventory less the estimated cost of completion of the production cycle and the estimated cost of sales. When the inventory was already impaired to their net realisable value and in a subsequent reporting period it is established that the circumstances, which previously caused the inventory to be impaired no longer exist, the new net realisable value of the inventory is adopted. The amount of the reversal is limited to the carrying amount of inventory, prior to the impairment. The reversal of inventory is treated as a decrease in the cost of inventory for the period in which the reversal occurs.

The Company estimates the cost of inventories by using the weighted average method.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the respective earning is recognised.

Nuclear Fuel

The fuel loaded into the reactors represents the remaining value (residual life) of nuclear fuel contained in the reactors at the reporting date.

Calculations are based on the well-established Methodology for Reporting Supplies, Stock and Cost of Fresh Nuclear Fuel, at NPP Kozloduy EAD, taking into account the value of fresh nuclear fuel, loaded in the respective fuel campaign, and the estimated fuel component, which is determined by dividing the value of the nuclear fuel loaded in the reactor by the estimated electric power, generated in the period, in KWh. The product of the gross energy, generated by the respective unit for the fuel campaign, and the fuel component represents the costs of nuclear fuel for the respective period.

4.17. Income tax

The tax expenses, recognised in profit or loss, comprise the amount of deferred tax and the amount of current tax that were not recognised in other comprehensive income or directly in equity.

Current tax assets and/or liabilities are those liabilities to, or receivables from, the tax authorities for the current or prior reporting periods, which have not been paid as at the date of the separate financial statements. The current tax is due on the taxable income which is different from the profit or loss disclosed in the financial statements. Current tax calculations are based on the tax rates and the tax legislation, in force as of the reporting date.

Deferred tax is calculated using the equity method for all temporary differences between the carrying amount of the assets and of the liabilities, and their tax base. Deferred tax is not provided on the initial recognition of an asset or liability, unless the respective transaction does not affect the taxable profit or the accounting profit.

Deferred tax assets and deferred tax liabilities are not discounted. They are measured using the tax rates that are expected to apply in the reporting period when the deferred tax assets and deferred tax liabilities are realised, provided that they are in force, or it is certain that they will come into effect in the end of the reporting period.

Deferred tax liabilities are recognised in full amount.

Deferred tax assets are recognised only when it is probable that they will be utilised through future taxable income. Refer to Note 4.23.8. for more information on the management's best estimate on the probability of future taxable income against which the deferred tax assets to be utilised.

Deferred tax assets and deferred tax liabilities are compensated only when the Company is entitled and intends to compensate the current tax assets and current tax liabilities from the same tax institution.

Changes in deferred tax assets and in deferred tax liabilities are recognised as a component of the tax income or expense in profit on loss, unless they are related to items recognised in the other comprehensive income or directly in equity. In such cases, the respective deferred tax is recognised in the other comprehensive income or in equity.

4.18. Cash and cash equivalents

Cash and cash equivalents are comprised of the available cash in hand, cash at banks, current deposits, and short-term (up to 12 months) deposits.

4.19. Non-current assets and liabilities classified as held for distribution to the owner

When the Company has assumed a commitment to distribute an asset (or a disposal group) to the owner, the asset or the disposal group is classified as 'held for distribution to the owner' and it is presented separately in the separate statement of financial position. For that purpose, the assets must be available for immediate distribution in their current state and the distribution must be highly probable. For the distribution to be highly probable, actions to complete it must have been initiated and it should be expected that the distribution will be completed within one year as of the classification date. The actions that are required to complete the distribution should indicate that it is unlikely to make significant changes to the distribution or the distribution be withdrawn.

Liabilities are classified as held for distribution to the owner and are presented as such in the separate statement of financial position only if they are directly related to the disposal group.

Assets classified as 'held for distribution to the owner' are measured at the lower of their carrying amount immediately after their classification as 'held for distribution to the owner' and their fair value less the costs related to their distribution. The assets classified as 'held for distribution to the owner' are not depreciated or amortised after being classified as 'held for distribution to the owner'.

4.20. Equity, reserves, and dividend payment

The share capital of the Company reflects the nominal value of the issued shares.

In accordance with the Commercial Act, legal reserves are formed from profit distributions.

Revaluation surplus of non-financial assets is formed based on the difference between the carrying amount and the fair value of assets arising from property, plant, and equipment, at the revaluation date, less the respective deferred tax liability.

The defined benefit plans revaluation surplus includes actuarial gains or losses occurring when determining the amount of liabilities related to old age and contributory service retirement benefits.

The other reserves are formed from profit distributions in accordance with the decisions of the sole owner and revaluation reserve from previous years.

Retained earnings include the current financial result and accumulated profit as well as uncovered losses from previous years.

Liabilities to pay dividends to the sole shareholder are included under 'Related parties' payables' in the separate statement of financial position, when dividends are approved for distribution by the sole shareholder, before the end of the reporting period.

All transactions with the Company's owner are presented separately, in the separate statement of changes in equity.

4.21. Retirement and short-term employee benefits

The Company reports current liabilities under compensated absences, arising from unused annual paid leaves, in cases when these leaves are expected to be used within 12 months after the end of the reporting period during which the employees have provided labour, related to those leaves. Short-term obligations to employees include wages, salaries, and social security contributions.

The Company must provide its personnel with retirement benefits, calculated in accordance with the defined benefit plans and the defined contribution plans.

Defined contribution plans are retirement plans, under which the Company pays fixed contributions to independent entities. The Company has no other legal or contractual obligations after the payment of fixed contributions. The Company pays fixed contributions under government (state) programmes and retirement contributions for its employees in respect of the defined benefit plans. The Government of the Republic of Bulgaria is responsible for the provision of pensions under defined benefit contribution plans. The expenses relating to the Company's obligation to pay contributions under defined benefit plans are recognised currently, in profit or loss, in the period in which the respective services are received by the employee.

Plans that do not meet the definition of defined contribution plans are identified as defined benefit plans. Defined benefit plans are retirement plans used to determine the amount of money an employee will receive upon retirement taking into consideration the employee's years of service and based on the last remuneration received. The legal liabilities for defined benefits payments remain liabilities of the Company.

In accordance with Art. 222, para. 3 of the Labour Code (LC) in Bulgaria and the Collective Labour Agreement (CLA), the Company, as an employer, is obliged to pay its employees a certain number of gross monthly salaries upon retirement. The number of these gross monthly salaries depends of the years of service and the labour category, as follows:

In accordance with Art. 222, para. 3 of the LC, after an employee has obtained the right to retirement, based on his/her years of contributory services and age, the Company is obliged to pay him/her one-off compensation in the amount of two gross salaries. In the event that the employee has worked for the the Company for at least 10 (ten) years and has received a notification as per art. 49 of the CLA that he/she has obtained the right to retirement based on his/her years of contributory service and age under Art. 68 or Art. 69 (b) of the Code of Social Insurance, and terminated his/her employment contract within two months from the date of the notification of the right to retirement for contributory service and age, acquires on a one-off basis the right to increased amount of the compensation under Art. 222, para. 3 of the LC.

In accordance with Art. 48 of the Collective Labour Agreement, when employment relations are terminated (on the grounds of Art. 325, para. 1, item 9 and Art. 327, para. 1, item 1 of the Labour Code), the employee or worker who is a party to the CLA is entitled to compensation as per Art. 222, para. 2 of the Labour Code, amounting to his/her gross labour remuneration, provided that he/she has at least 5 (five) years length of service and over the last 5 (five) years the employee, or the worker has not received any compensation on such grounds, and if he/she has not acquired the right to pension for contributory service and age under Art. 68 of the Code of Social Insurance, as follows:

- from 5 to 10 years of service at Kozloduy NPP EAD – for 10 months;
- Between 10 and 15 years of service at Kozloduy NPP EAD – for 12 months;
- Between 15 and 20 years of service at Kozloduy NPP EAD – for 14 months;
- Between 20 and 25 years of service at Kozloduy NPP EAD – for 16 months;
- Between 25 and 30 years of service at Kozloduy NPP EAD – for 18 months;
- Over 30 years of service at Kozloduy NPP EAD – for 20 months.

In accordance with Art. 50 of the Collective Labour Agreement, an employee or worker who has worked for at least 10 years at Kozloduy NPP, terminated his/her employment contract within two months from the date of notification of the acquired right to retirement for contributory service and age, acquires on a one-off basis the right to increased amount of the compensation under Art. 222, para. 3 of the LC. This compensation is determined by multiplying the number of years and full months of service at Kozloduy NPP EAD under Labour Category 1 by 1.66, plus the number of years and full months of service at Kozloduy NPP EAD under Labour Category 2 multiplied by 1.25, plus the number of years and full months of service at Kozloduy NPP EAD under Labour Category 3. The result is then multiplied by a coefficient of 1.0.

The retirement defined employee benefit plan is not funded.

The liability, recognised in the separate statement of financial position, relating to defined benefit plans, represent the present value of the liability to pay defined benefits as at the end of the reporting period.

The Company's Management estimates the liability under defined benefits, on an annual basis, with the help of an independent actuary, using the estimated credit units method. The estimates of such liabilities are based on standard inflation rates, estimated personnel turnover, and mortality. Future salary increases are also taken into account. Discounting factors are determined at each year-end with consideration made of the yield of government securities that are denominated in the currency in which the benefits will be paid and have maturity approximating the maturity of the related pension obligations.

Actuarial gains and losses under defined benefits are recognised in other comprehensive income in the period of their occurrence.

When employment relations are terminated due to illness, the retiring worker or employee is entitled to compensation, payable by the Company in accordance with Art. 222, para. 2 of the LC and the CLA, to the amount of his/her employment remuneration, given that he/she has at least 5 (five) years of service at Kozloduy NPP EAD and over the last 5 (five) years prior to retirement he/she has not received any compensation on these grounds.

Actuarial gains or losses associated with estimating the obligations under long-term retirement employee benefits due to illness are recognised in profit or loss for the period.

Interest costs, relating to retirement (pension) liabilities, are included in the separate statement of profit or loss and other comprehensive income, under 'Finance costs'. All other expenses incurred in respect to retirement remunerations are included under 'Employee benefit expenses'.

The current employee benefits, including and the entitled leaves, are included in current liabilities, under 'Trade and other payables', at the non-discounting amount that the Company expects to pay.

4.22. Provisions, contingent liabilities and contingent assets

Provisions are recognised when it is probable that the present obligations resulting from a past event, will result in an outflow of resources from the Company and the liability can be reliably estimated. The validity or the amount of the cash outflows may be uncertain. Present obligations arise from legal or contractual obligations as a result of past events, for instance – decommissioning of nuclear facilities, legal disputes, or onerous contracts. Provisions for restructuring are recognised only when a detailed formal restructuring plan is designed and applied, or when the management has announced to those affected by the restructuring the key points of the restructuring plan. Provisions for future operating losses are not recognised.

The amount recognised as provision is calculated based on the most reliable estimate of the expenses required to settle a current liability at the end of the reporting period, taking into account the risks and uncertainties, associated with the current liability. When a number of such liabilities exist, the possible need of outflows to settle this liability is determined by accounting for the liabilities group as a whole. Provisions are discounted when the effect of the temporary differences in the value of money is significant.

Compensations from third parties, relating to given obligation, for which there is a reasonable certainty that will be obtained by the Company, are recognised as a separate asset. This asset may not exceed the amount of the respective provision.

Provisions are reviewed at the end of each reporting period and their amounts are adjusted to reflect the best estimates.

Liabilities are not recognised when an outflow of economic resources is highly unlikely to arise as a result of current obligations. Contingent liabilities should be subsequently measured at the higher value between the comparable provision described above and the initially recognised amount, less the accumulated amortisation.

Probable inflows of economic benefits which do not currently meet the criteria to recognise assets, are regarded as contingent assets.

4.23. Estimates, which are of significant importance in applying the Company's accounting policy. Key best estimates and assumptions with high level of uncertainty

4.23.1. Useful life of depreciable assets

The financial reporting of property, plant, and equipment and of intangible assets includes the use of estimates of their expected useful life and residual values, based on the best estimates of the Company's Management. As at 31 December 2020, the Management determined the useful life of assets - that being the expected period of the assets' use by the Company. The carrying amount of property, plant, and equipment is analysed in Note 5, and the carrying amount of intangible assets is analysed in Note 6.

4.23.2. Revenue from contracts with customers

When recognising revenues under contracts with customers, the Management makes various estimates, best estimates, and assumptions which influence the reported revenues, costs, and contractual assets and liabilities. The key estimates and assumptions having substantial effect on the amount and term for recognition of revenues from contracts with customers are disclosed in Note 26.

4.23.3. Fair value measurement of financial instruments and non-financial assets

The Company determines the fair value of financial instruments and of non-financial assets, based on the available market information, or if such is not available - by appropriate valuation models. The fair value of financial instruments that are actively traded on organised financial markets is determined based on the quoted 'buying' prices, as at the end of the reporting period's last working day. In the absence of an active market, the management uses reports of independent certified appraisers and employs various techniques to measure the fair value of financial instruments and non-financial assets. When applying these measurement techniques, the management uses at maximum the market data and assumptions which the participants would consider in measuring a financial instrument or non-financial asset. In the absence of applicable market data, the management uses its best estimate of the assumptions which the market participants would employ. These valuations may differ from the actual prices which would be determined at a fair market transaction between well-informed and willing parties at the end of the reporting period.

The Company subsequently accounts for major groups of property, plant, and equipment, investment properties at revalued amounts, and financial instruments at fair value through other comprehensive income using reports of independent external appraisers in determining their fair value. Detailed information about the revaluation, employed valuation methods, basic assumptions and estimates used in determining the fair value is disclosed in Note 5, Note 6, and Note 7.

The Management believes that the fair values of property, plant and equipment, and investment properties, as well as of financial instruments, including cash and cash equivalents, trade and other receivables, granted and obtained loans, trade and other payables, and other financial assets, do not differ from their carrying amounts, especially if they are of current nature, or if the applicable interest rates fluctuate according to the market conditions.

4.23.4. Inventories

Nuclear Fuel

Calculations are based on the approved Methodology for Reporting Supplies, Reloads, and Cost of Fresh Nuclear Fuel at Kozloduy NPP EAD, taking into account the cost of loaded fresh nuclear fuel during the respective fuel cycle and estimated fuel component determined by dividing the cost of the nuclear fuel loaded into the reactor by the estimated electric power generated throughout the period, in KWh. The product of the gross energy, generated by the respective unit for the fuel campaign, and the fuel component represents the costs of nuclear fuel for the respective period.

Measurement

Inventories, of carrying amount as at 31 December 2020 of BGN 56,928 thousand (31 December 2019: BGN 54,303 thousand), are measured at the lower of the original cost and its net realisable value. To measure the net realisable value, the management considers the most reliable information at hand as at the estimation date and uses the reports of independent certified appraisers.

4.23.5. Liabilities for retirement employee benefits

Liabilities for retirement benefits are determined based on actuarial valuations. Those valuations require certain assumptions to be made regarding the discounting rate, future increase in salaries, personnel's turnover, and mortality rates. Due to the long-term nature of the liabilities for retirement benefits, these assumptions are subject to substantial uncertainty. As at 31 December 2020, the Company's liabilities for retirement benefits recognised in the separate statement of financial position amounted to BGN 117,721 thousand (31 December 2019: BGN 118,979 thousand). Additional information on the liabilities for retirement benefits is disclosed in Note 21.

4.23.6. Impairment of investments in subsidiaries, intangible assets, investment property and property, plant and equipment

The amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the latter being higher than the respective fair value net of all costs of disposal of the asset and its value in use, is recognised as impairment loss. When determining the value in use, the Company's Management calculates the expected future cash flows for each cash-generating unit and determines appropriate discounting factor in order to calculate the present value of these cash flows. In calculating the estimated future cash flows, the Management employs certain assumptions regarding the future gross profits. Those assumptions are related to future events and circumstances. The actual results could differ from these estimates and may require significant adjustments to the Company's assets in the next reporting period. In most cases, the appropriate adjustments related to the market risk and risk factors specific to the separate assets are measured when determining the applicable discounting factor.

The Company did not report impairment losses for non-current assets during the current period (did not report impairment losses for non-current assets in 2019).

4.23.7. Impairment of loans and receivables

Recognition and measurement of expected credit losses from debt instruments measured at amortised cost

Approach to impairment of cash at banks

Cash and cash equivalents are the most liquid financial instruments. They are not carriers of settlement risk, and the liquid risk they carry is limited to the technical capability for a specific disposition of the latter not to be settled. Cash deposits at banks are, however, carriers of credit risk from contractors (settlement risk). The risk from contractors represents the probability for the failure of the other party to a financial transaction to fulfil its contractual obligations. The Company applies the standardised approach to the calculation of expected credit losses of cash at banks using, as a model parameter, the credit rating of the financial institutions where the Company has deposited its cash to measure the settlement loss. As at 31 December 2020, the Management's best estimate on the expected credit losses of cash at banks amounted to BGN 2,112 thousand. (31 December 2019: BGN 1,471 thousand) (Note 15)

Approach to impairment of short-term trade and other receivables and receivables from related parties

The Company applies a simplified approach to the calculation of expected credit losses for trade receivables which do not contain a financing component.

For the purpose of determining the expected credit losses, customer modelling is performed at the industry level. Modelling is the intrinsic representation of the financial risk the customers carry to the companies within the Company.

The expected credit losses are calculated for every single receivable (invoice, interest list, etc.) binding a contractor, adjusted on the basis of delinquent days and standard payment cycle on behalf of the contractor. The average number of delinquent days per customer is determined based on historical data for the period of repayment of receivables from customers. The retrospective review covers a period of 3 to 5 years.

For the purpose of calculating the expected credit losses, for financial assets resulting from contracts with energy sector contractors, the Company has identified additional risk. Thus, trade receivables resulting from the above contractors are considered receivables of higher risk.

Additional risk is identified based on historical data on the collectability of the Company's receivables from contractors of the above industry, including poor financial position, liquidity problems, and other challenges concerning mostly electricity traders.

The risk factors identified in this manner are considered indications of a possible increase of the credit risk. The quantitative effect of increase in credit risk for energy sector contractors is determined based on the establishment of an additional sector, *High Risk Energy*, where the specific risk component has been added to be used for determination of the discounting rate which is used to measure impairment. The assessment of the ratio between the historical data on default, estimated economic conditions, industrial sector risk assessment and the amount of expected credit losses represents a substantial estimate. Information about the impairments of the Company's expected credit losses is presented in Note 14. As at 31 December 2020, the management's best estimate of expected credit losses from receivables from related parties is presented in Note 35.

Approach to impairment of granted loans, trade receivables, and receivables from related parties containing a financing component

The Company applies an individual approach to impairment of receivables containing a financing component and granted loans. The impairment model is based on the cash flows negotiated in the conditions of the relevant financial instrument as well as the assumptions and estimates concerning expected cash flows and realisability of the financial asset which has been adopted by the management for the preparation of the financial statements.

Expected credit losses are a probability-weighed assessment of credit losses (i.e. the present value of each shortage of money) over the expected term of the financial instrument. Monetary deficiency is the difference between the cash flows payable to the Company in accordance with the contract and the cash flows that the Company expects to receive. Because the expected credit losses account for the amount and timing of payments, an expected credit loss is recognised even if the Company expects the asset to be fully paid but later than the due date.

Based on the characteristics of the asset and contractor, it is possible for the expected future cash flows from the asset to differ significantly from the contractual ones. This would result in significant levels of the expected credit losses from the asset.

As at each year-end, a review of the expected future cash flows from each specific asset is performed.

Approach to impairment of receivables from litigations

In case the Company takes legal actions to collect its receivables, the latter are to be classified as litigation receivables. This type of receivables is characterised by total delinquency, i.e. refusal or incapacity of the Customer to settle its obligation. Thus, regardless of any court decisions and initiated executive procedures, collectability of those receivables and expected future incoming cash flows, respectively, are low, while the probability of delinquency has already occurred in respect of the original asset, i.e. equals 100%.

The expected credit losses represent the sum of the expected credit losses for each litigation receivable, based on the historical collectability of this asset class. Further information is disclosed in Note 14.

4.23.8. Deferred tax assets

The estimation of the probability of realising deferred taxable income, against which the deferred taxable assets are to be utilised, is based on the latest approved budgeted estimate, adjusted to reflect the significant non-taxable income, and expenses, and the specific limitations to transfer unused taxable losses and credits. The tax rates in the different jurisdictions in which the Company operates are also taken into account. If the reliable estimate of taxable income implies the probable use of a deferred tax asset, especially in cases when the asset can be used without any time restrictions, the deferred tax asset is recognised in full. Recognition of deferred tax assets that are subject to certain legal or economic limitations, or uncertainty, is assessed by the Management on a case-by-case basis, taking into consideration the specific facts and circumstances.

4.23.9. Provisions

Provision of transport, processing and storage of spent nuclear fuel

In accordance with the effective Strategy for Management of the Spent Nuclear Fuel and Radioactive Waste until 2030, adopted by a decree of the Council of Ministers on 2 September 2015, the Company has a regulatory obligation to transport at least 50 tons of heavy metal per year spent nuclear fuel (SNF) for reprocessing and storage in Russia, in the presence of favourable financial and economic conditions.

In 2018, Framework Annex 19 to the Contract for the transportation, temporary technological storage and reprocessing in Russia of 414 WWER-1000 SNF assemblies for the period 2019-2023 was signed between Kozloduy NPP EAD and FSUE "Production Association Mayak", Russia, in agreement with Euratom Supply Agency, Luxembourg. In 2019, in agreement with ESA, Annex 19-1 to Annex 19 to the Contract for the transportation, temporary technological storage and reprocessing of 96 WWER-1000 spent nuclear fuel assemblies for the period 2019-2020 was signed.

Taking into account the lengthy nature of the preparatory activities for SNF transportation, including organizational and technical measures, preparation of the required documentation, obtaining of certificates and permits, a new scheme was established for the transport of WWER-1000 SNF. The first transport using the above scheme happened in December 2020. Its cost was covered by the provisioned in 2018 targeted funds for SNF management, including the activities related to transportation, technological storage and reprocessing of SNF, that were not carried out during the previous years.

In order to perform the obligations under the Strategy for Management of SNF and RAW until 2030 for transport of at least 50 tons of heavy metal per year SNF and provision of the required funding, in accordance with the Accounting Policies in effect at Kozloduy NPP EAD and IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', a provision for SNF management amounting to BGN 39,860 thousand was accrued in the current costs for 2020. The calculations are based on the best estimate of the cost of 1 transport of SNF from WWER-1000 (96 fuel assemblies) required to cover the current liability as at 31.12.2020.

As at the end of the reporting period ending 31 December 2020, the amount of the recognised provision required to cover the current obligation for SNF management, including for transport of WWER-1000 SNF, is BGN 79,720 thousand.

Provision for decommissioning of nuclear facilities

In accordance with the requirements of IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', liabilities whose value and occurrence over time are uncertain are recognised as provisions. Provisions are recognised only if the following conditions are met:

- the entity has a present obligation, arising from a past event;
- It might be possible that an outflow of economic resources of the Company is required to settle the liability; and
- A reliable estimate of the value of the obligation can be made.

Based on the requirement of the Standard on the 'reliable estimates' term, the Company has not accrued any provisions for 'decommissioning of nuclear facilities' and for 'safe storage of the spent nuclear fuel', due to the following reasons:

- The Company is subject to specific laws - the Safe Use of Nuclear Energy Act, the Regulation on Pricing and Decrees for the Raising Funds in Radioactive Waste Fund (RAWF) and Decommissioning of Nuclear Facilities Fund (DNFF) adopted by the Council of Ministers. In accordance with the requirements of these statutory acts, current expenses, related to contributions due to those funds, paid into budgetary accounts, are accrued in the separate statement of profit or loss and other comprehensive income. In compliance with the matching principle of revenue and expenses, under the Accountancy Act, the price of electricity on the regulated market, as defined by the EWRC, is recognised as an expense to the extent of the contributions, due to the DNFF and the RAWF;
- In connection with the agreements with the European Commission for early closure of Units 1 to 4, the State has agreed funding from external sources for the construction of dry spent fuel storage

facility (DSFSF), and to cover the expenses, incurred for salaries and social security contributions of the personnel, employed on Unit 3 and Unit 4, as well as other financing;

- Pursuant to Decision No. 839 of the Council of Ministers, in December 2008 the assets of Unit 1 and Unit 2 were transferred for free from Kozloduy NPP EAD to SE RAW, Sofia, whose principal activity is "decommissioning." By Decision No. 1038 of the Council of Ministers dated 19 December 2012, the Kozloduy NPP EAD Units 3 and 4 were declared facilities for radioactive waste management and their management was transferred to SE RAW. On 1 March 2013, the assets belonging to Units 3 and 4, together with the respective personnel, were transferred to SE RAW.

According to the regulatory requirements, when the implementation of the decommissioning project proves to be more expensive than the estimates approved by the Management Board of the Decommissioning of Nuclear Facilities Fund, the necessary additional costs shall be covered by the entity which last operated the nuclear facility (in this case, Kozloduy NPP). Since as at the date of approval of the separate financial statements no estimate of the forecast costs of the project has been made by the Decommissioning of Nuclear Facilities Fund, the Company is unable to estimate reliably the liability and has not recognised a provision for decommissioning of nuclear facilities as at 31 December 2020 and 31 December 2019.

5. Property, plant and equipment

The carrying amounts of the property, plant and equipment for the reporting period can be analysed as follows:

	Land and buildings	Machinery, plant, and equipment	Vehicles	Fixtures and other assets	Acquisition costs	Right-of-use assets	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000		BGN '000
Carrying amount							
Balance at 01/01/2020	465,640	1,987,528	8,720	67,887	172,129	896	2,702,800
Additions	1,134	50,297	2,157	326	101,612	-	155,526
Disposals	(-)	(26,181)	(64)	(65)	(56,867)	-	(83,177)
Reclassification	217	2,799	-	-	-	-	3016
Balance at 31/12/2020	466,991	2,014,443	10,813	68,148	216,874	896	2,778,165
Amortisation							
Balance at 01/01/2020	(12,856)	(227,587)	(1,892)	(52,189)	-	(105)	(294,629)
Depreciation	(10,699)	(159,512)	(1,007)	(4,136)	-	(224)	(175,578)
Disposals	-	23,251	47	64	-	-	23,362
Reclassification	(217)	(2,799)	-	-	-	-	(3016)
Balance at 31/12/2020	(23,772)	(366,647)	(2,852)	(56,261)	-	(329)	(449,861)
Carrying amount at 31 December 2020	443,219	1,647,796	7,961	11,887	216,874	567	2,328,304

	Land and buildings	Machinery, plant, and equipment	Vehicles	Fixtures and other assets	Acquisition costs		Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000		BGN '000
Carrying amount							
Balance at 01/01/2019	465,803	1,917,674	7,999	67,091	221,696	-	2,680,263
Additions	1,340	85,100	933	930	186,975	896	276,174
Disposals	(217)	(3,770)	(212)	(128)	(189,001)	-	(193,328)
Decrease from assets held for distribution to owners	(1,069)	(8,677)	-	(6)	(47,541)	-	(57,293)
Revaluation at the expense of accumulated depreciation	(217)	(2,799)	-	-	-	-	(3,016)
Balance at 31/12/2019	465,640	1,987,528	8,720	67,887	172,129	896	2,702,800
Amortisation							
Balance at 01/01/2019	(2,632)	(83,961)	(1,075)	(48,256)	-	-	(135,924)
Depreciation	(10,658)	(149,919)	(941)	(4,065)	-	(105)	(165,688)
Disposals	217	3,484	124	126	-	-	3,951
Decrease from amortisation of assets held for distribution to owners	-	10	-	6	-	-	16
Revaluation at the expense of accumulated depreciation	217	2,799	-	-	-	-	3,016
Balance at 31/12/2019	(12,856)	(227,587)	(1,892)	(52,189)	-	(105)	(294,629)
Carrying amount at 31 December 2019	452,784	1,759,941	6,828	15,698	172,129	791	2,408,171

Review for revaluation

In accordance with the Company's accounting policies property, plant and equipment are revalued once every 3 years, or at shorter intervals. Investment property was measured at fair value as at 31 December

2018 in accordance with the requirements of IAS 16 and IFRS 13. The revaluation is based on measurement of their fair values by the independent certified appraiser Consortium GTFRP.

In accordance with IFRS 13 'Fair Value Measurement', when measuring the fair value of non-financial assets, the ability of a certain market participant to generate economic benefits through using the asset with the purpose of maximising its value or through selling the asset to another market participant who will use it that way is considered. Kozloduy NPP EAD assets included in the review for revaluation are specific, strictly connected to the Company's activity and the alternative use of the majority of them is impossible or difficult, i.e. another usage by the market participants would highly unlikely lead to maximising the value of the assets. This is the reason why it has been accepted that their current use in the activity maximises the value.

The following two main approaches and assessment methods for fair value measurement of the different categories of property, plant, and equipment have been applied:

- "Market approach" through the "Comparables Method" - for lands and buildings, for which there is real market and observable data about prices of recent market transactions for similar properties, adjusted by specific factors, such as area, location and current use. Their accepted market price which was defined through the comparative method is considered to be fair value;

- "Cost approach" through "Depreciated replacement cost method" - for buildings and structures of specialised nature;

- "Cost approach" through "Depreciated replacement cost method" - in order to reach a conclusion for the fair value of machinery, plant and equipment, an approach based on costs, through the Method based on the acquisition costs ("depreciated replacement cost"), is considered a permissible and practicable because of the specialised nature of the greater part of the assets. The Acquisition costs method measures the asset value by measuring its new value as at the date of the measurement reflecting the costs for its acquisition less its physical wear and tear, the functional and economic depreciation as a result of its operation. The Method draws an indicative value using the economic principle that a buyer would not pay for a certain asset more than the acquisition costs of an asset with equal useful life, either by purchase or construction as at the date of the measurement.

The fair value measurement as at 31 December 2018 is based on the observable and unobservable data, adjusted by specific factors, such as area, location, and current use. The directly or indirectly observable input data used in the measurement are subject to adjustments. As a result, the hypotheses employed are categorised as hypotheses of Level 3.

Significant non-observable data are related to adjustments in the specific for the Company's assets factors. The degree and direction of such adjustments depends on the number and characteristics of the observable market transactions with similar properties that are used for valuation purposes. Despite the fact that the data are a subjective assessment, the Management believes that the final valuation would not be significantly affected by other possible assumptions. The terms and way of use of the Company's assets were reviewed as at 31 December 2018 as well.

Review for impairment

As at 31 December 2020 and as at 31 December 2019, impairment tests have been prepared showing no indications of performing such. No indications that the carrying amount of property, plant and equipment exceeds their recoverable value were found as a result of the conducted review.

Acquisition costs of long-term tangible assets

As at 31 December 2020 the acquisition costs of long-term tangible assets amount to BGN 216,874 thousand and are mainly related to:

- Activities to extend the operational life of Units 5 and 6 in compliance with the Investment Programme of the Company for 2020;

- Projects to improve the generation efficiency in the Company.

As at 31 December 2020 the advance payments for acquisitions of long-term assets amount to BGN 14,414 thousand (31 December 2019: BGN 1,156 thousand) which are included in the long-term tangible assets' acquisition cost.

Collaterals on loans

The Company has not pledged any property, plant and equipment as collaterals of its liabilities.

Other disclosures

For property, plant and equipment at revalued amount, the disclosure of the carrying amount that would be recognised if the assets were accounted for using the cost model is impracticable because of the complexity of the assets held and the long periods of time these assets are property of the Company.

6. Intangible assets

The carrying amounts of the intangible assets for the reporting period can be analysed as follows:

	Development products	Patents and licences	Software	Other	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Carrying amount					
Balance at 01/01/2020	53,910	6,138	14,810	69,743	144,601
Additions	-	788	290	-	1,078
Disposals	-	(15)	(311)	-	(326)
Balance at 31/12/2020	53,910	6,911	14,789	69,743	145,353
Amortisation					
Balance at 01/01/2020	(48,925)	(4,118)	(13,143)	(69,743)	(135,929)
Depreciation	(901)	(1,388)	(692)	-	(2,981)
Disposals	-	14	311	-	325
Balance at 31/12/2020	(49,826)	(5,492)	(13,524)	(69,743)	(138,585)
Carrying amount at 31 December 2020	4,084	1,419	1,265	-	6,768

	Development products	Patents and licences	Software	Other	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Carrying amount					
Balance at 01/01/2019	53,224	5,285	14,511	69,743	142,763
Additions	686	1,163	381	-	2,230
Disposals	-	(310)	(82)	-	(392)
Balance at 31/12/2019	53,910	6,138	14,810	69,743	144,601
Amortisation					
Balance at 01/01/2019	(47,706)	(3,044)	(12,538)	(69,743)	(133,031)
Depreciation	(1,219)	(1,384)	(687)	-	(3,290)
Disposals	-	310	82	-	392
Balance at 31.12.2019	(48,925)	(4,118)	(13,143)	(69,743)	(135,929)
Carrying amount at 31 December 2019	4,985	2,020	1,667	-	8,672

The products of research and development activity are the result of scientific research on programmes and methodologies, created models of hired services or authorial teams of Kozloduy NPP EAD.

The Company has conducted an impairment test for the intangible assets as at 31 December 2020. No indicators that the carrying amount of the assets exceeds their recoverable amount were identified.

The Company has not pledged any intangible assets as collaterals of its liabilities.

7. Investment property

Investment properties represent real estate - land and building, located in Sofia. Over the reporting period, the movement of investment properties is as follows:

	31 December 2020	31 December 2019
	BGN '000	BGN '000
At the beginning of the year	4,120	4,100
Increase from fair value measurement	-	73
Decrease from fair value measurement	(5)	(53)
At the end of the year	4,115	4,120

Fair value measurement

The investment property was measured at fair value as at 31 December 2020. The fair value measurement is based on the observable and unobservable data, adjusted by specific factors, such as area, location, and current use. The performed valuation is consistent and recurring due to the application of the fair value model under IAS 40 and is performed regularly as at the date of each financial statement with the assistance of independent certified appraisers. The input data, used in the valuation, are subject to adjustments, but they are directly or indirectly available for observation. Due to this, the hypotheses employed are categorised as Level 2 hypotheses.

The table below provides a description of the valuation techniques, used to determine the fair value of investment properties as at 31 December 2020, and the significant unobservable input data used:

Valuation method	Weight of the valuation method	Valuation techniques	Significant observable input data
Comparative method	50%	Market prices of similar properties in the same and nearby locations	Information on concluded transactions, prices of identical properties
Income method	50%	Capitalised rental income method, discounted cash flows	Rental rates for the respective region, for the respective type of property
Cost of assets method	0%	Current valuation method	Analysis of the property based on the costs to construct it at the time of the valuation, increased by the value of the land and the improvements made to the property

Operating lease as a lessor

The Company has concluded a contract to lease real estate - land and building -for a 10-years period.

The future minimum lease payments under the contract are as follows:

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Up to 1 year	285	285
From 1 to 5 years	995	1,141
Over 5 years	51	190
	1,331	1,616

8. Investments in subsidiaries

The Company has the following investments in subsidiaries:

Subsidiary name	Country of incorporation	Principal activity	31 December 2020		31 December 2019	
			BGN '000	%	BGN '000	%
Kozloduy NPP - New Build EAD	Bulgaria	Construction of power units	21,000	100	14,000	100
Kozloduy HPP EAD	Bulgaria	Generation and sale of electricity	1,082	100	1,082	100
Interpriborservice OOD	Bulgaria	Maintenance services	79	63.96	79	63.96
			22,161		15,161	

Investments in subsidiaries are accounted for in the separate financial statements of the Company at cost.

The Company owns 100% of the capital of Kozloduy NPP – New Build EAD, Kozloduy, comprised of 1,680,000 ordinary, registered shares at par value of BGN 12.50 each.

The Company owns 100% of the capital of Kozloduy HPP EAD, Kozloduy, comprised of 1,082 ordinary, registered shares at par value of BGN 1,000 each.

The Company has a controlling interest of 63.96% in Interpriborservice OOD, Kozloduy. The Company owns 71 shares of its capital which amounts to 111 shares, at par value of BGN 100 each. The investment amounts to BGN 79 thousand as initially on incorporation 41 shares were acquired for BGN 4 thousand and, in 2001, 30 shares were purchased additionally from DZU Stara Zagora for BGN 75 thousand. The transactions with this company relate to deliveries of assets, supplies related to assets' modernisation and reconstruction, as well as purchases of inventory and hired services.

In 2020, Kozloduy HPP EAD distributed dividends amounting to BGN 882 thousand (2019: BGN 728 thousand), while Interpriberservice OOD distributed dividends amounting to BGN 0 thousand (2019: BGN 32 thousand).

The Company does not have contingent liabilities or other undertaken commitments related to investments in subsidiaries.

9. Long-term trade and other receivables

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Trade receivables	1,146	3,818
Impairment of trade receivables	(1)	-
Financial assets	1,145	3,818
Long-term trade and other receivables	1,145	3,818

In 2018, Kozloduy NPP EAD and State Enterprise Radioactive Waste (SERAW) signed an agreement for rescheduling a deferred payment of a trade receivable amounting to BGN 5,346 thousand at contracted annual interest rate of 3%. The deadline for redemption of the receivable under the agreement is 30 December 2030. The receivable is uncovered. As at 31.12.2020, the SE RAW debt under the agreement amounts to BGN 2,291 thousand.

10. Equity instruments at fair value through other comprehensive income (OCI)

The Company has 1.12% (50,400 shares) participation in the capital of Insurance Shareholding Company Energia (ZAD Energia), Sofia, incorporated in Bulgaria. The majority shareholder of ZAD Energia is Allianz Bulgaria Holding AD.

On 1 January 2020, the Company reclassified the investment in ZAD Energia in the category Financial instruments at fair value through other comprehensive income (OCI) because the Company intends to keep the investment for a long time by reason of strategic goals.

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Equity instruments at fair value through other comprehensive income (OCI)	510	457
	510	457

In 2020, the Company received dividends of BGN 87 thousand from ZAD Energia (2019: BGN 106 thousand).

Valuation techniques and significant unobservable input data

The table below provides a description of the valuation techniques as at 31 December used to determine the fair value at Level 3 as well as the significant unobservable input data used:

Investments in shares in the capital of other companies and enterprises (minority interest)	Valuation approaches and techniques	Significant unobservable input data
Level 3	a. Income approach	* estimated annual rate of free cash flows variation
	Valuation technique: Dividend discount model	* terminal growth * discount rate

11. Deferred tax assets and liabilities

Deferred taxes arise as a result of temporary differences and can be presented as follows:

Deferred tax assets (liabilities)	01.01.2020	Recognised in other comprehend-sive income	Recognised in profit or loss	31.12.2020
	BGN '000	BGN '000	BGN '000	BGN '000
Non-current assets				
Property, plant and equipment - revaluation	(156,360)	7		(156,353)
Property, plant and equipment - depreciation	(18,474)	-	6,546	(11,928)
Property, plant and equipment - impairment	1,215	-		1,215
Investment properties - revaluation	(109)	-	1	(108)
Financial instruments at fair value	(22)	-5		(27)
Current assets				
Inventories - impairment	1,093	-	(37)	1,056
Trade and other receivables - impairment	1,593	-	(234)	1,359
Cash at banks - impairment	147	-	64	211
Non-current liabilities				
Liabilities for retirement employee benefits	11,898	(103)	(229)	11,772
Current liabilities				
Provisions	8,165	-	(193)	7,972
Unused leave by the personnel	2,323	-	(203)	2,120
Accrued bonuses to the personnel	780	-	639	1,419
	(147,751)	(101)	6,560	(141,292)
Deferred tax assets	27,214			27,124
Deferred tax liabilities	(174,965)			(168,416)
Recognised as:				
Deferred tax liabilities, net	(147,751)			(141,292)

Deferred tax for the comparative period 2019 can be summarised as follows:

Deferred tax assets (liabilities)	01.01.2019	Recognised in other comprehensive income	Recognised in profit or loss	31.12.2019
	BGN '000	BGN '000	BGN '000	BGN '000
Non-current assets				
Property, plant and equipment - revaluation	(156,360)	-	-	(156,360)
Property, plant and equipment - depreciation	(24,160)	-	5,686	(18,474)
Property, plant and equipment - impairment	1,215	-	-	1,215
Investment properties - revaluation	(107)	-	(2)	(109)
Financial instruments at fair value	(23)	1	-	(22)
Current assets				
Inventories - impairment	1,047	-	46	1,093
Trade and other receivables - impairment	1,697	-	(104)	1,593
Cash at banks - impairment	91	-	56	147
Non-current liabilities				
Liabilities for retirement employee benefits	6,509	2,742	2,647	11,898
Current liabilities				
Provisions	4,178	-	3,987	8,165
Unused leave by the personnel	2,020	-	303	2,323
Accrued bonuses to the personnel	320	-	460	780
	(163,573)	2,743	13,079	(147,751)
Deferred tax assets	17,077			27,214
Deferred tax liabilities	(180,650)			(174,965)
Recognised as:				
Deferred tax liabilities, net	(163,573)			(147,751)

12. Nuclear Fuel

	Fuel loaded in the reactors	Other rel. to NF	Fresh Nuclear Fuel	Other rel. to NF	Total
	BGN '000		BGN '000		BGN '000
As at 01 January 2019	73,261		140,701		213,962
Fuel, purchased over the year	-		211,189	45	211,234
Transfers	112,182		(112,182)		-
Fuel, spent over the year	(121,589)		-		(121,589)
As at 31 December 2019	63,854		239,708	45	303,607
Fuel, purchased over the year	-		246,059		246,059
Transfers	117,077	45	(117,077)	(45)	-
Fuel, spent over the year	(116,222)		-		(116,222)
NF monitoring devices		45			(45)
As at 31 December 2020	64,709	45	368,690	-45	433,399

13. Inventory

Inventory recognised in the separate statement of financial position can be analysed as follows:

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Spare parts	46,518	44,023
Fuels	3,439	3,335
Metals	928	968
Equipment	528	585
Reagents	517	869
Other materials	4,870	4,368
Total materials	56,800	54,148
Goods	128	155
Total Inventories	56,928	54,303

An impairment of the idle inventory was performed as at 31 December 2020 based on the report of an independent certified appraiser amounting to BGN 241 thousand and impairment from previous periods amounting to BGN 2 thousand was recovered. An impairment of the idle inventory was performed as at 31 December 2019 based on the report of an independent certified appraiser amounting to BGN 574 thousand and impairment from previous periods amounting to BGN 4 thousand was recovered.

Inventory was not pledged as collateral of liabilities.

14. Trade and other receivables

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Trade receivables	29,564	69,948
Impairment of trade receivables	(7,026)	(9,272)
Receivables from litigations and writs	2,684	2,766
Impairment of receivables from litigations and claims	(2,329)	(2,409)
Receivables from CCB net from impairment	4,024	4,024
Impairment of a receivable from the CCB	(4,024)	(4,024)
Other receivables	12,339	8,478
Impairment of other receivables	(166)	(141)
Financial assets	35,066	69,370
Advance payments	7,998	529
Prepayments	776	725
Non-financial assets	8,774	1,254
Trade and other receivables	43,840	70,624

All receivables are short-term, except for those disclosed in Note 9.

All trade and other receivables as at 31 December 2020 have been reviewed for indication of impairment.

The change in impairment of trade and other receivables may be presented as follows:

	2020	2019
	BGN '000	BGN '000
Balance at 1 January	15,845	14,724
Balance at 1 January (restated)	15,845	14,724
Impairment loss	25	1,365
Recovering of impairment loss	(2,325)	(244)
Balance at 31 December	13,545	15,845

An analysis of the age structure of trade and other receivables is provided in Note 40.2.

15. Cash and cash equivalents

Cash and cash equivalents include the following items:

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Cash at banks and cash in hand, denominated in:		
- Bulgarian Leva (BGN)	476,851	387,379
- Euro (EUR)	10,359	9,671
- US Dollars (USD)	8	4
Cash and cash equivalents in the separate statement of cash flows	487,218	397,054
Effect of IFRS 9	(2,112)	(1,471)
Cash and cash equivalents in the separate statement of financial position	485,106	395,583

The cash at banks in current accounts bear an interest with floating interest rates, based on the daily interest rates on bank deposits.

The Company has set aside the expected credit losses to the amount of BGN 2,112 thousand in relation to cash and cash equivalents. The expected credit losses are recognised in consequence of the risk that the Company faces regarding the financial institutions.

The Company has BGN 81,391,000 in a special account in CB Eurobank Bulgaria AD, open under terms and conditions approved by the Ministry of Energy. The funds that are set aside from the available cash resources of Kozloduy NPP EAD are blocked and not available to affect any other payments beyond their purpose. They are spent purposefully only to cover SNF management costs, including for activities related to transportation, technological storage and reprocessing of SNF, that were not carried out during the previous years.

16. Assets and liabilities classified as held for distribution to the owners

The radioactive waste reprocessing, storage and disposal are RAW management activities which, pursuant to SUNEA, shall be performed by SE RAW so as to ensure the protection of the interests of the citizens of the Republic of Bulgaria as well as the accountability of the Republic of Bulgaria and its competent authorities.
By Decision of the Ministry of Economy and Energy (Minutes No. 6 of 17.10.2011), SE RAW was appointed as a sole decommissioning operator for Units 1÷4.

By Decision No. 1038 of 19.12.2012 of the Council of Ministers of the Republic of Bulgaria for declaring Kozloduy NPP Units 3 and 4 radioactive waste management facilities and transferring their management to SE RAW, all activities related to the decommissioning of Units 1-4 and nuclear facilities definitively closed for decommissioning were transferred to SE RAW for implementation and management.

As at 31 December 2020, together with SE RAW, the required measures were taken to declare the unfinished construction of 'Facility for processing and conditioning of solid RAW with a high volume reduction factor' a facility for management of RAW; also, declare other assets in the process of acquisition under launched projects for implementation of nuclear facilities decommissioning activities - private state property; and transfer them to SE RAW for management.

The carrying amount of the assets and liabilities intended for distribution between the owners and transfer to SE RAW can be presented as follows:

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Assets		
Land and buildings	1,069	1,069
Machinery, plant, and equipment	8,600	8,667
Acquisition costs	46,573	47,541
Total assets	56,242	57,277
Liabilities		
Retentions on construction contracts	2,170	2,170
Financing	43,709	43,709
Total liabilities	45,879	45,879

As at 31.12.2020, there are no assets and liabilities which have been distributed to the owners and there are no cash flows generated. The Company's Management expects that the assets and liabilities will be transferred in 2021.

17. Equity

17.1. Share capital

The registered capital of the Company consists of 24,458,489 fully paid, ordinary, registered shares at par value of BGN 10 each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting.

The change in the number of issued shares is presented, as follows:

	2020	2019
Number of shares issued and fully paid:	Number of shares	Number of shares
At the beginning of the year	24,458,489	24,458,489
Issue of shares	-	-
Number of shares issued and fully paid	24,458,489	24,458,489
Total number of shares authorised on 31 December	24,458,489	24,458,489

The sole owner of the Company is Bulgarian Energy Holding EAD which is owned by the Ministry of Energy.

By virtue of a decision of the Board of Directors of BEH EAD dated 23.05.2017, the share capital of the Company was increased by BGN 8,420 thousand representing the retained earnings of the Company for 2016, by issuing 841,963 new ordinary, registered shares which represent 3.44 % of all issued shares. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting. On 4 September 2017, 24,458,489 shares were registered in the Commercial Register and the Company's capital was increased to BGN 244,584,890.

17.2. Legal reserves

Legal reserves are formed by joint stock companies, such as Kozloduy NPP EAD, as a distribution of the profit according to the provisions of art. 246 of the Commercial Act. They are set aside until their amount reaches one tenth or bigger portion of the capital. Sources for the formation of the legal reserves are at least one tenth portion of the net profit, share premium account, and the funds foreseen in the statute or by a decision of the sole owner.

	Legal reserves
	BGN'000
Balance at 01 January 2019	**24,458**
Reserves increase via retained earnings	-
Balance at 31 December 2019	**24,458**
Reserves increase via retained earnings	-
Balance at 31 December 2020	**24,458**

17.3. Revaluation reserve of non-financial assets

Revaluation reserves are formed by the difference between the carrying value and the fair value of property, plant and equipment at the revaluation date, in accordance with the report issued by the independent certified appraiser, less the respective deferred tax liabilities.

	Revaluation reserve of non-financial assets
	BGN '000
Balance at 01 January 2019	**1,400,874**
Transfer to retained earnings upon disposal of assets	(734)
Balance at 31 December 2019	**1,400,140**
Transfer to retained earnings upon disposal of assets	(886)
Balance at 31 December 2020	**1,399,254**

17.4. Other reserves

Other reserves amounting to BGN 676,667 thousand (31 December 2019: BGN 676,667 thousand) are formed as follows:

- BGN 592,132 thousand from previous years' revaluation reserve which might be used for increasing the Company's capital;
- BGN 84,535 thousand) are formed as a result of previous years' profit distribution. By decision of the sole owner, it can be used to pay dividends, to cover losses, and for other purposes.

17.5. Declared and paid dividends

By virtue of Minutes No. 42-2020/16 July 2020 of the Board of Directors of BEH EAD and according to Order No. 2 of the Council of Ministers of the Republic of Bulgaria, distribution of the profit for 2019 for a dividend amounting to BGN 162,446 thousand was approved. The dividend attributable to one share is BGN 0.02. (2019: BGN 0.03).

As at the date of preparation of these separate financial statements, Kozloduy NPP EAD does not owe any dividend to BEH EAD.

18. Borrowings

Loans include the following financial liabilities:

	Effective interest rate	Maturity	31 December 2020	31 December 2019
			BGN '000	BGN '000
Non-current:				
Loan obligation to EURATOM - principal	EURIBOR + 0.079% to 0.13%	from 1 January 2021 to 10 May 2021	0	10,879
			0	10,879
Current:				
Loan obligation to EURATOM - principal	EURIBOR + 0.079% to 0.13%	from 16 January 2020 to 31 December 2020	10,879	22,248
Accrued interest on the loan to EURATOM			291	585
			11,170	22,833
Total borrowings			11,170	33,712

In 2000, Kozloduy NPP EAD signed an agreement with the European Atomic Energy Community (EURATOM) for a loan amounting to EUR 212,500 thousand (BGN 415,614 thousand). It was aimed to finance the modernisation of Kozloduy NPP EAD Units 5 and 6. The loan was acquired in 8 tranches, each with different interest rate, different repayment schedule, and different maturity. The first tranche is at a fixed interest rate of 5.76%, while the remaining tranches are at floating interest rates based on a 6-month EURIBOR plus a mark-up varying from 0.079% to 0.13% for the different tranches. Each tranche has a separately contracted repayment schedule, with 10 May 2021 being the latest contracted maturity date. The loan is irrevocably and unconditionally secured by the Government of the Republic of Bulgaria and by NATIONAL ELECTRICITY COMPANY EAD (a related party under common control).

The loan contract contains special clauses with restrictive conditions as regards changes of the ultimate owners, as well as financial conditions requiring the achievement of certain levels of the gearing ratio and debt service coverage (see Explanation 40).

The book value of trade and other receivables is accepted as a reasonable estimated amount of their fair value.

19. Retentions on construction contracts

The amounts retained under construction contracts as at 31 December are as follows:

	2020	2019
	BGN '000	BGN '000
Non-current	326	978
Current	3,626	3,210
	3,952	4,188

In accordance with the signed contracts for construction of property, plant and equipment, the Company retains a part of the amount of the invoiced construction works as a performance guarantee and guarantee for the timely execution of the construction and installation works by subcontractors. The retained amounts are interest free. In compliance with the contracted conditions, part of the retained amounts in the form of performance guarantees and guarantees for the timely execution of the construction and installation works should be paid to suppliers after obtaining permits to use, while the remaining amounts should be paid in the contracted time frames.

As at 31.12.2020, retained guarantees to the amount of BGN 2,170 thousand were classified as liabilities held for distribution to owners. (Note 16).

20. Financing

	31 December 2020	31 December 2019
	BGN '000	BGN '000
On 1 January	111,306	159,051
Received over the year	-	-
Recognised in profit or loss	(3,942)	(4,081)
Classified as liabilities held for distribution to owners	-	(43,709)
Recovered	-	45
On 31 December	107,364	111,306
Non-current	103,158	106,966
Current	4,206	4,340

The financing is obtained under programmes and funds for construction of property, plant and equipment with ecological purpose.

On 10 July 2018, a meeting of the Assembly of donors of Kozloduy International Decommissioning Support Fund (KIDSF) was held with the participation of European Bank for Reconstruction and Development (EBRD) and representatives of the European Commission. At the meeting, the donors and the bank posed the question for presenting accurate information on the appropriate use of Extension - Stage 1a of DSFSF.

Despite Kozloduy NPP's assurances about the appropriateness of the project and its future purpose, the analyses for storage of WWER-440 SNF submitted until that moment were not accepted by the donors due to various reasons.

In this regard, at the meeting held on 10 July 2018, the Assembly decided that Kozloduy NPP EAD shall submit a repayment schedule for recovering the amount of EUR 12,892,000 (BGN 25,214,560.36) which was intended for the construction of the extension of the DSFSF - Stage 1a.

In pursuance of the decision and in accordance with a meeting held at the ME on 20 November 2018, Kozloduy NPP EAD proposed to EBRD an option for execution of the decision made at the Assembly of Donors through repayment of the sum in four equal annual repayment instalments, each amounting to EUR 3,223,000 payable in the period 2019 - 2022 without interest accrual. This plan was accepted by EBRD.

At its meeting with Minutes No. 9 of 22.03.2019, based on Decision 9.3.1., the Board of Director of Kozloduy NPP EAD reviewed and approved the execution of the decision of the Assembly of Donors of Kozloduy International Decommissioning Support Fund in compliance with the option accepted by the EBRD for deferred repayment of the funding in instalments.

In 2020, a payment amounting to BGN 6,304 thousand was effected, whereby the Company's debt to EBRD totalled BGN 12,607 thousand.

21. Liabilities for retirement employee benefits

In accordance with the Bulgarian labour legislation and the Collective Labour Agreement, the Company is obliged to pay to the personnel a certain number of gross monthly salaries upon their retirement, depending on the employees' years of services in the Company and labour category. The retirement-defined employee benefit plan is not funded.

This plan exposes the Company to actuarial risks, such as interest risk, risk of changes in the population's life expectancy and inflation risk.

Interest risk

- The present value of the liabilities under defined benefit plans is calculated at a discount rate determined on the basis of the market yield of government securities. The maturity of the securities corresponds to the estimated time of the liabilities under defined benefit plans and they are denominated in Bulgarian Leva. A decline in the market profitability of the government securities held will result in increase of the Company's liabilities under defined benefit plans.

Risk of changes in the population's life expectancy

- Increase in the estimated life expectancy of the personnel would result in increase of the liabilities under defined benefit plans.

Inflation risk

- Increase in the inflation would result in increase of the liabilities under defined benefit plans.

The changes in the present value of the liabilities for retirement employee benefits are as follows:

	2020	2019
	BGN '000	BGN '000
Balance at 1 January	118,979	65,088
Interest costs	762	679
Current labour experience costs	17,219	8,588
Past labour experience costs	-	31,200
Retirement employee benefits paid	(18,339)	(15,068)
Actuarial (gains) / losses, incl.	(900)	1,073
Actuarial (gains) / losses from change in the actual experience	(1,394)	17,834
Actuarial (gains) / losses from change in the discount rate	377	1,316
Actuarial (gains) / losses from increase in the salaries growth in long-term perspective	-	8,073
Actuarial (gains) / losses from changes in the demographic assumptions	117	196
Balance at 31 December	117,721	118,979
Non-current	89,115	84,707
Current	28,606	34,272

In determining the liabilities for retirement employee benefits, the following actuarial assumptions are employed:

	31 December 2020	31 December 2019
Discounting rate	0.5%	0.6%
Future increase in remunerations	5% for the first 3 years 5% per annum after that	5% for the first 3 years After that 5% per year

The Company's management has employed these assumptions with the help of an independent certified appraiser. These assumptions are employed in determining the amount of defined benefit payables for the reporting periods and are considered to be the management's best estimate.

The total amount of the Company's retirement employee benefits recognised in profit or loss can be presented as follows:

Retirement employee benefits costs

	2020	2019
	BGN '000	BGN '000
Current labour experience costs	17,219	8,588
Past labour experience costs	-	31,200
Interest costs	762	679
Actuarial (gains) / losses, related to liabilities upon retirement due to illness (retirement employee benefits)	127	1,073
Total expenses recognised in profit or loss	18,108	41,540

The expenses incurred with regards to current and past labour experience, as well as the actuarial losses related to liabilities upon retirement due to illness (retirement employee benefits), are included in 'Employee benefits costs'. Interest costs are included in the statement of profit or loss and other comprehensive income, under 'Finance costs'.

The total amount of the Company's expenses under defined benefits recognised in other comprehensive income can be presented as follows:

	2020	2019
	BGN '000	BGN '000
Actuarial (gains) / losses from change in the actual experience assumptions	1,476	(17,834)
Actuarial (gains) / losses from change in the financial assumptions	(336)	-
Actuarial (gains) / losses from change in the discount rate	-	(1,316)
Actuarial (gains) / losses from increase in the salaries growth in long-term perspective	-	(8,073)
Actuarial (gains) / losses from changes in the demographic assumptions	(112)	(196)
Total actuarial (gains) / losses recognised in other comprehensive income	(1,028)	(27,419)

Based on past experience, the Company expects to pay BGN 28,606 thousand contributions under defined benefit plans in 2020.

The weighted average duration of the liability to pay defined benefits as at 31 December 2020 is 14.00 years.

The significant actuarial assumptions in determining the liabilities under defined benefit plans relate to the discounting rate, estimated percentage of increase in salaries, percentage of personnel's turnover, and estimated life expectancy.

The table below presents a sensitivity analysis and summarises the effects of changes in these actuarial assumptions on the liabilities under the defined benefit plans as at 31 December 2020:

Changes in significant actuarial assumptions
in BGN '000

Discount rate	**Increase by 1%**	**Decrease by 1%**
Increase / (decrease) in liabilities under defined benefit plans	(4,734)	5,222
Percentage of increase in salaries	**Increase by 1%**	**Decrease by 1%**
Increase / (decrease) in liabilities under defined benefit plans	4,967	(4,607)
Estimated life expectancy	**Increase by 1 year**	**Decrease by 1 year**
Increase / (decrease) in liabilities under defined benefit plans	504	(527)
Percentage of personnel's turnover	**Increase by 1%**	**Decrease by 1%**
Increase / (decrease) in liabilities under defined benefit plans	(5,135)	5,590

The sensitivity analysis is based on a change in a single assumption. It may differ from the actual change in liabilities under defined benefit plans, as changes in the assumptions are often interrelated.

22. Trade and other payables

Trade and other payables reflected in the separate statement of financial position include:

	31 December 2020 BGN '000	31 December 2019 BGN '000
Non-current		
Other liabilities	5,780	12,607
Lease	338	574
Financial liabilities	6,118	13,181
Current		
Liabilities to suppliers	60,469	47,657
Lease	240	220
Other liabilities	13,724	15,962
Financial liabilities	74,433	63,839
Liabilities for remunerations of personnel	36,181	32,234
Liabilities for social security contributions	9,414	9,651
Tax liabilities	26,324	20,269
Liabilities for contributions to the DNF Fund, RAW Fund, and ESS Fund	21,518	17,735
Liabilities for received advance payments	119	21
Non-financial liabilities	93,556	79,910
Trade and other payables	167,989	143,749

The net carrying amount of trade and other receivables is accepted as a reasonable estimated amount of their fair value.

Other liabilities to the amount of BGN 12,607 thousand (current - BGN 6,827 thousand and non-current - BGN 5,780 thousand) are in relation to the Company's obligation to repay received financing. As at

31.12.2019, the other payables amount to BGN 18,911 thousand. (current - BGN 6,304 thousand and non-current - BGN 12,607 thousand).

22.1. Lease

This note provides information on lease when the Company is a lessee.

- **Amounts recognised in the statement of financial position**

The statement of financial position shows the following sums related to lease:

	2020 BGN '000	2019 BGN '000
Right-of-use assets		
Transport vehicles	567	791
	567	791
Lease liabilities		
Current	240	220
Non-current	338	574
	578	794

The right-of-use assets acquired over the financial year 2019 were to the amount of BGN 910 thousand.

- **Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income**

The Statement of profit or loss and other comprehensive income shows the following amounts related to lease:

	2020 BGN '000	2019 BGN '000
Depreciation of right-of-use assets		
Transport vehicles	(329)	(105)
	(329)	(105)
	(24)	(14)

The total lease cash flow in 2020 amounted to BGN 240 thousand.

23. Provisions

The carrying amount of the provisions can be presented as follows:

	31 December 2020 BGN '000	31 December 2019 BGN '000
Provision for spent nuclear fuel	79,720	81,652
	79,720	81,652

The adjustment of the provisions during the year is presented below:

	Provision for spent nuclear fuel
	BGN '000
Balance at 01 January 2020	81,652
Used	(39,856)
Disposals	(1,936)
Recognised provision	39,860
Carrying amount at 31 December 2020	79,720

Provision of transport, processing and storage of spent nuclear fuel
Provision of transport, processing and storage of spent nuclear fuel

In accordance with the effective Strategy for Management of the Spent Nuclear Fuel and Radioactive Waste until 2030, adopted by a decree of the Council of Ministers on 2 September 2015, the Company has a regulatory obligation to transport at least 50 tons of heavy metal per year spent nuclear fuel (SNF) for reprocessing and storage in Russia, in the presence of favourable financial and economic conditions.

In 2018, Framework Annex 19 to the Contract for the transportation, temporary technological storage and reprocessing in Russia of 414 WWER-1000 SNF assemblies for the period 2019-2023 was signed between Kozloduy NPP EAD and FSUE "Production Association Mayak", Russia, in agreement with Euratom Supply Agency, Luxembourg. In 2019, in agreement with ESA, Annex 19-1 to Annex 19 to the Contract for the transportation, temporary technological storage and reprocessing of 96 WWER-1000 spent nuclear fuel assemblies for the period 2019-2020 was signed. Taking into account the lengthy nature of the preparatory activities for SNF transportation, including organizational and technical measures, preparation of the required documentation, obtaining of certificates and permits, a new scheme was established for the transport of WWER-1000 SNF. The first transport using the above scheme happened in December 2020. Its cost was covered by the provisioned in 2018 targeted funds for SNF management, including the activities related to transportation, technological storage and reprocessing of SNF, that were not carried out during the previous years.

In order to perform the obligations under the Strategy for Management of SNF and RAW until 2030 for transport of at least 50 tons of heavy metal per year SNF and provision of the required funding, in accordance with the Accounting Policies in effect at Kozloduy NPP EAD and IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', a provision for SNF management amounting to BGN 39,860 thousand was accrued in the current costs for 2020. The calculations are based on the best estimate of the cost of 1 transport of SNF from WWER-1000 (96 fuel assemblies) required to cover the current liability as at 31.12.2020.

As at the end of the reporting period ending 31 December 2020, the amount of the recognised provision required to cover the current obligation for SNF management, including for transport of WWER-1000 SNF, is BGN 79,720 thousand.

24. Revenue from sale of production

	2020	2019
	BGN '000	BGN '000
Sales of electricity on the non-regulated market	1,306	1,250
Sales of electricity on the exchange market	1,093,906	1,186,687
Sales of electricity on the regulated market	160,379	131,691
Sales of electricity on the balancing market	216	(7,511)
Revenue from sale of electricity	1,255,807	1,312,117
Sales of heat energy	2,161	1,933
Revenue from sale of production	1,257,968	1,314,050

25. Other revenues and income

	2020	2019
	BGN '000	BGN '000
Other revenue from contracts with customers, incl.		
Revenue from sales of services	2,972	3,403
Revenue from sales of goods and current assets	680	1,232
Rental income	234	241
	3,886	4,876
Other revenue/income, incl.		
Income from penalties under contracts	4,531	2,520
Income from insurance events	670	756
Income from revaluation of PPE	-	-
Income from surplus assets	34	82
Income from waste	472	934
Other income	323	477
	6,030	4,769
	9,916	9,645

26. Revenue from contracts with customers

26.1. Segment information on the revenue from contracts with customers

The revenue from contracts with customers per types of segment include:

	2020	2019
	BGN '000	BGN '000
Revenue from contracts with customers related to sales of electricity	1,255,807	1,312,117
Revenue from contracts with customers related to sales of heat energy	2,161	1,933
Revenue from contracts with customers related to provision of services	3,206	3,644
Revenue from sales of goods and other current assets	680	1,232
	1,261,854	1,318,926

26.2. Geographic markets

	2020	2019
	BGN '000	BGN '000
Domestic market	1,261,854	1,318,926
	1,261,854	1,318,926

26.3. Revenue recognition point-in-time

	2020	2019
	BGN '000	BGN '000
Products transferred at a certain point-in-time	680	1,232
Products and services transferred in the course of time	1,261,174	1,317,694
	1,261,854	1,318,926

The table below presents information about the accounting policy applied by the Company as regards revenue recognition and time for completion of contractual obligations in respect of contracts with customers under IFRS 15.

Type of product/ service	Contractual obligations nature and completion time, including essential payment terms	Recognition of revenue under IFRS 15
Contracts for sales of electricity	Electricity supplies are carried out all year round in a continuous mode of operation. Since the customer simultaneously receives and consumes the benefits, the Company transfers the control over electricity over time and therefore meets the performance obligation and recognises revenues over time. Usually, invoices are payable within 30 days.	The sales revenue shall be recognised at every transfer of control over the electricity when it is supplied to the customer and there are no unmet obligations which could affect the acceptance of electricity on behalf of the customer. The electricity is deemed to be delivered to the customer as soon as the schedules of the Seller and the Buyer are recorded in the Schedule Notification System administered by the Electricity System Operator EAD after the parties have an agreement on the schedules. Revenue is invoiced according to the terms of the contract concluded.
Revenue from heat energy	Heat energy supplies are carried out during the heating season in a continuous mode of operation. Since the customer simultaneously receives and consumes the benefits, the Company transfers the control over the heat energy over time and therefore meets the performance obligation and recognises revenue over time. Usually, invoices are payable within 30 days.	Sales revenue is recognised on each transfer of control over the heat energy when it is delivered to the buyer and there are no outstanding obligations that could affect the buyer's heat energy acceptance. The heat energy is considered delivered to the customer at the time of consumption. The delivered quantities are reported by means of a heat meter in the substation where the commercial metering takes place once a month. Revenue is invoiced on a monthly basis according to the terms of the contract concluded.
Revenue from services	Control is transferred when a service is delivered. The receivables are due immediately.	The Company transfers the control over the services over time and therefore meets the performance obligation and recognises revenue over time. If the service is not completed fully until the end of the reporting period, the revenue is recognised based on the actual service delivered until the end of the reporting period as a proportional part of the total services to be delivered.
Revenue from sales of current assets	The delivery occurs when the assets have been paid to the customer, the risks of potential losses have been transferred to the customer and/or the customer has accepted the assets in accordance with the sale contract. The usual payment term is up to 30 days following delivery.	Revenue from sales of current assets is recognised when the control over the assets sold is transferred.

26.4. Balances under contracts with customers

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Trade receivables	29,564	69,948
Related parties trade receivables	32,868	53,923
	62,432	123,871

Trade receivables are not interest-bearing and the usual credit term is up to 30 days.

The carrying amount of the trade receivables which are interest-bearing and have a credit term over a year is BGN 1,145 thousand (as at 31.12 2019 - BGN 3,818 thousand).

27. Cost of materials

	2020	2019
	BGN '000	BGN '000
Nuclear fuel, lubricants and fuels	118,449	113,517
Spare parts and tools	6,900	14,777
Materials for current maintenance	2,436	2,481
Working and special clothing	1,640	1,553
Reagents for production	1,342	912
Purchased electricity	451	560
Specialised literature and stationery	234	190
Construction materials and metals	266	92
Advertising materials	65	80
	131,783	134,162

28. Hired services costs

	2020	2019
	BGN '000	BGN '000
Repair and maintenance services	58,627	54,976
Insurance of property and nuclear damage	14,668	16,249
Armed security and fire protection	19,657	17,555
Fees for permits by regulatory bodies	6,266	5,027
Taxes and fees	5,114	5,247
Transmission grid access fee	34,593	16,919
Consulting services	5,676	4,866
Transport costs	2,688	3,206
Services for provision of protective food when ordered	2,496	2,496
Sanitation and landscaping	1,631	1,674
Water-supply and sewerage services	575	853
Water usage fee	1,436	1,341
Researches, measurements and monitoring	750	631
Training and qualification	283	536
Information, postal and telecommunication services	405	425
Medical services	274	274
Rents	49	60
Others	2,170	2,154
	157,358	134,489

29. Employee benefits expenses

	2020	2019
	BGN '000	BGN '000
Salaries and wages	154,933	150,381
Social security costs	39,023	39,551
Social expenses, in cash	24,865	23,418
Food expenses, in accordance with Regulation No. 11	16,659	16,696
Other living and social expenses	3,141	2,981
Compensations as per the Labour Code	1,825	1,494
	240,446	234,521
Retirement benefit costs	17,346	40,862
	257,792	275,383

30. Provisions costs

	2020	2019
	BGN '000	BGN '000
Provision for spent nuclear fuel	39,860	40,828
Provisions for other payables	(1,936)	(947)
	37,924	39,881

31. Impairment costs/recovered impairment on financial assets (net)

	2020	2019
	BGN '000	BGN '000
Impairment of receivables from customers	(2,245)	1,316
Recovered impairment of receivables from related parties	(35)	(2,155)
Recovered impairment of other receivables	25	(244)
Impairment of receivables from litigations and writs	(80)	49
Impairment of cash at banks	642	557
	(1,693)	(477)

32. Other expenses

	2020	2019
	BGN '000	BGN '000
Annual instalment payment to the Decommissioning of Nuclear Facilities Fund	94,186	98,409
Annual instalment payment to the Radioactive Waste Fund	37,674	39,363
Annual instalment payment to the ESS Fund	62,790	65,606
Reimbursed financing	-	38
Donations and sponsorship	5,018	2,461
Membership fees	852	861
Business trips	186	795
Social costs	714	579
Shrinkage and waste	3,170	336
Impairment of inventory	241	574
Reintegrated impairment of inventory	(2)	(4)
Entertainment costs	180	297
Penalties and charges under contracts	154	71
Penalties and charges under legal acts	-	2
Other expenses	254	750
	205,417	210,138

33. Financial income and financial costs

	2020	2019
	BGN '000	BGN '000
Interest costs on loans, including leases	792	1,312
Total interest expenses under financial instruments that are not carried at fair value in profit or loss	792	1,312
Interest expenses on liabilities for retirement employee benefits	762	678
Fees and commissions expense	20	27
Negative exchange rate differences	13	100
Financial costs	1,587	2,117

The financial income for the presented reporting periods can be analysed as follows:

	2020	2019
	BGN '000	BGN '000
Interest income on loans granted	227	283
Interest income on agreements	894	2,637
Interest income on bank accounts	72	136
Total interest income on financial assets that are not carried at fair value in profit or loss	1,193	3,056
Income from dividends	969	866
Positive exchange rate differences	8	84
Financial income	2,170	4,006

34. Income tax expense

The estimated income tax expense based on the applicable tax rate for Bulgaria amounting to 10% (2019: 10%) and the actual tax expense recognised in profit or loss can be reconciled as follows:

	2020	2019
	BGN '000	BGN '000
Accounting profit from continuing operations	306,377	360,906
Accounting profit from discontinued operations	-	-
Accounting profit before tax	306,377	360,906
Tax rate	10%	10%
Estimated income tax expense	(30,638)	(36,090)
Tax effect of:		
Increase of the financial result for tax purposes	(26,294)	(27,451)
Decrease of the financial result for tax purposes	19,805	14,447
Current income tax expense	(37,127)	(49,094)
Deferred tax income/(expenses) as a result of:		
Arising and reversal of temporary tax differences	6560	13,080
Income tax expense	(30,567)	(36,014)
Deferred tax income recognised in other comprehensive income	(101)	2,743

Note 11 provides information on the deferred tax assets and deferred tax liabilities.

35. Related party disclosures

The Company discloses the following related parties:

Controlling sole owner of the Company (Parent Company)
Bulgarian Energy Holding EAD (BEH)

Sole owner of the Parent Company
The Republic of Bulgaria through the Minister of Energy

Subsidiaries
Kozloduy NPP - New Build EAD
Kozloduy HPP EAD
Interpriborservice OOD

Entities under common control with the Company (entities within the Group)

Natsionalna Elektricheska Kompania EAD, TPP Maritsa East 2 EAD, Mini Maritsa - Iztok EAD, Bulgargaz EAD, Bulgartel EAD, Bulgartansgas EAD, Electricity System Operator EAD, TPP Maritsa East 2 (9 and 10) EAD, PFC Beroe - Stara Zagora EAD, Bulgartel Skopje DOOEL, Gauging and Information Technologies Energy Operator EAD (in liquidation), Energy Investment Company EAD (until 26.04.2018), Independent Bulgarian Energy Exchange EAD (until 15.02.2018).

Associated companies for BEH group
ContourGlobal Maritsa East 3 AD, ContourGlobal Operations Bulgaria AD, ZAD Energia, POD Allianz Bulgaria AD, HEK Gorna Arda AD

Joint ventures for BEH Group
ICGB AD, South Stream Bulgaria AD, Transbalkan Electric Power Trading S.A. - NECO S.A.

Others - Independent Bulgarian Energy Exchange EAD since 16.02.2018 and all enterprises connected with the State.

Key management personnel of the Company as at 31 December 2020:
Jacklen Yosif Cohen - Chair of the Board of Directors
Ivan Todorov Yonchev - Member of the BoD
Nasko Asenov Mihov - Member of the Board of Directors and Chief Executive Officer

Key management personnel of the Parent Company as at 31 December 2020:
Andon Andonov - Chair of the Board of Directors
Zhivko Dinchev - Member of the Board of Directors
Jacklen Cohen - Member of the Board of Directors and Chief Executive Officer

Unless otherwise stated, transactions with related parties are not performed under any special terms and conditions and no guarantees are given or received.

35.1. Related party transactions and related party payables as at year-end

		Sales to related parties including dividends	Purchases from related parties including dividends	Gross amounts due from related parties	Impairment of the amounts due from related parties	Amounts due from related parties, net of impairment	Amounts due to related parties
		BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Sole owner:							
BEH EAD	2020	142	162,760	29	-	29	34
BEH EAD	2019	144	230,439	29	-	29	19
Subsidiaries:							
Interpriborservice OOD	2020	39	6,762	45	(3)	42	724
Interpriborservice OOD	2019	72	6,451	38	-	38	640
Kozloduy HPP EAD	2020	1,116	-	-	-	-	-
Kozloduy HPP EAD	2019	737	-	-	-	-	-
Kozloduy NPP - New Build EAD	2020	14	-	-	-	-	2
Kozloduy NPP - New Build EAD	2019	14	-	1	-	1	2
Other related parties (under common control)							
NEK EAD	2020	162,081	1,975	31,818	(44)	31,774	-
NEK EAD	2019	132,898	52	52,367	(82)	52,285	-
ESO EAD	2020	369	34,749	354		354	4,047
ESO EAD	2019	9,986	24,890	818		818	4,763
Other related parties							
ZAD Energia	2020	757	13,641	669	-	669	-
ZAD Energia	2019	753	15,370	753	-	753	-
	2020	164,518	219,887	32,915	(47)	32,868	4,807
	2019				(83)	53,924	5,458

Sales to and purchases from related parties are performed at contracted price rates. No guarantees are provided or received in respect of the receivables from and liabilities to related parties.

Kozloduy NPP EAD has signed two agreements with NEK EAD for scheduled payment of arrears for electricity sold. The first agreement is of 28.02.2017 for the amount of BGN 47,497 thousand and the associated interest to the amount of BGN 2,229 thousand, at contracted annual interest of 3%. The deadline for repayment of the debt is 31.01.2020. The second agreement is for the amount of BGN 67,895 thousand and the associated interest to the amount of BGN 2,262 thousand, at a contracted annual rate of 3.87%. The deadline for repayment of the debt under this agreement is 29 February 2020. As at 31 December 2020, NEK EAD has repaid its debt to Kozloduy NPP EAD.

35.2. Loans granted to related parties

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Non-current:		
Principal	5,990	7,767
Impairment	*(1)*	*(522)*
	5,989	8,289
Current:		
Principal	2,300	2,267
Interest	98	124
Impairment	*(-)*	*(17)*
	2,398	2,374
Total loans granted	8,387	10,663

The loan is provided to the subsidiary Kozloduy HPP EAD in accordance with a decision of Bulgarian Energy Holding EAD on 7 November 2008. The credit line amounted to BGN 20,000 thousand and the deadline for its repayment is until 2020. An annual interest rate equalling the BIR as at the date of payment of the due instalment plus 0.30% margin was negotiated. Pursuant to Minutes No. 1-2015 of 12 January 2015, BEH EAD approved signing of Annex 4 to the Contract for Credit Line No. 880080 of 7 October 2008 concluded between Kozloduy NPP EAD as a creditor and Kozloduy HPP EAD as a debtor. As a result, the Annex was signed on 20 January 2015, and came into force as of 14 July 2014; the loan maturity date is 15 January 2024. The repayment of the loan began on 15 July 2013. The loan shall be repaid in 22 instalments, the first 2 instalments amounting to BGN 150 thousand (15 July 2013) and BGN 1,300 thousand (15 January 2014) respectively. A repayment schedule was prepared for the remaining 1/15 of the unpaid principal after 15 January 2014. In accordance with this Annex, the annual interest rate is floating and equals the BIR plus 2.5% margin. In 2020, Kozloduy HPP EAD repaid BGN 2,250 thousand and the credit balance as at 31 December 2020 amounted to BGN 8,290 thousand. The loan is secured by a promissory note. The interests accrued in 2020 amounted to BGN 227 thousand (2019: BGN 308 thousand). The receivables from related parties were reviewed for indications of impairment. The movement of the corrective account for impairment of trade and other receivables is as follows:

35.3. Movement of the impairment of receivables from related parties

	2020	2019
	BGN '000	BGN '000
Balance at 1 January	83	2,238
Adjustments from the initial application of IFRS 9	-	-
Balance at 1 January (restated)	83	2,238
Impairment loss	(36)	-
Reversed impairment loss	-	(2,155)
Balance at 31 December	47	83

35.4. Transactions with key management personnel

The Company's key management include the members of the Board of Directors. The employee benefits of key management personnel cover the following expenses:

	2020	2019
Short-term employee benefits:	BGN '000	BGN '000
Salaries, including bonuses	326	344
Social security costs	26	30
Social costs	33	32
Compensations	-	(6)
Tantièmes	-	37
Total benefits	385	437

36. Adjustment of liabilities resulting from financial activity

The changes in the Company's liabilities resulting from financing activity could be classified, as follows:

	Long-term borrowings BGN '000	Short-term borrowings BGN '000	Financial lease liabilities BGN '000	Total BGN '000
1 January 2020	10,879	22,833	794	34,506
Cash flows:				
Payments	-	(22,833)	(240)	(23,073)
Non-cash changes:				
Fair value	-	-	24	24
Re-classification	(10,879)	10,879	-	-
Accrued interest		291	-	291
31 December 2020	0	11,170	578	11,748

	Long-term borrowings BGN '000	Short-term borrowings BGN '000	Financial lease liabilities BGN '000	Total BGN '000
1 January 2019	33,127	33,890	-	67,017
Cash flows:				
Payments	-	(34,386)	(116)	(34,502)
Non-cash changes:				
Fair value	-	-	910	910
Re-classification	(22,248)	22,248	-	-
Accrued interest	-	1,081	-	1,081
31 December 2019	10,879	22,833	794	34,506

37. Cashless transactions

In 2020, the Company did not engage in any investment and financial transactions where no cash or cash equivalents were used.

38. Commitments and contingent liabilities

Capital commitments

As at 31 December 2020, the Company has capital commitments amounting to BGN 24,288 thousand (31 December 2019: BGN 70,422 thousand) associated with commitments to acquire property, plant and equipment.

As at 31 December 2020, the amount of contractual commitments related to the acquisition of nuclear fuel is BGN 246,059 thousand. (31 December 2019: BGN 211,234 thousand).

Legal claims

Legal claims for the amount of BGN 50,736 thousand were filed against the Company (31 December 2019: BGN 230 thousand). None of the above claims is set out in details herewith, so as not to have a serious impact on the Company's position in dispute resolution.

Guarantees

Bank guarantees and cash collaterals to the amount of BGN 16,254 were opened for the benefit of the Company as at 31 December 2020 (31 December 2019: BGN 95,977 thousand).

As at 31 December 2020, the Company had provided the following guarantees and collaterals:

- Guarantee collateral under a contract for organised exchange market (monetary guarantee) - BGN 3,200 thousand.
- Guarantee collateral on the provision of a financial limit when initiating a CMBC bid for electricity (monetary guarantee) - BGN 350 thousand;
- Guarantee collateral on the provision of a financial limit for participation on IBEX CMBC, segment amounting to BGN 1,498 thousand;
- Guarantee for concluding electricity trade transactions (monetary guarantee) - BGN 75 thousand.
- Guarantee collateral for participation on the electricity exchange market (monetary guarantee) - BGN 50 thousand;
- Guarantee obligations to society, for trading in electricity (monetary guarantee) - BGN 566 thousand;
- Guarantee collateral under a balancing contract (monetary guarantee) - BGN 326 thousand;
- Guarantee collateral under contract for access and transmission of electricity (monetary guarantee) - BGN 7 thousand;
- Guarantee collateral on securing financial limit to cover transactions - BGN 5,500 thousand.
- Guarantee collateral on procuring electric devices for the collection of road user charges for vehicles of over 3.5t – 6 thousand.
- Guarantee collateral for a satellite phone – 2 thousand.
- Guarantee collateral under a framework contract for provision of electricity – BGN 11 thousand.

Insurance policies

The Safe Use of Nuclear Energy Act specifies a limit on the liability of the operating organisation for nuclear damages. The Act limits the liability of the operator to BGN 96,000 thousand per accident. Pursuant to the Vienna Convention on Civil Liability for Nuclear Damage, the operator is required to maintain an insurance or other financial security for nuclear damage for the period of operation of the nuclear facility. The Company has an insurance policy covering the limits stipulated by the law. The Insurance Contract with the Bulgarian National Insurance Pool was concluded on 27 July 2017. It covers a one-year period, from 1 August 2017 to 1 August 2018. The insurance amount is BGN 794 thousand, of which BGN 779 thousand insurance premium and BGN 15 thousand tax on premium. As at 31 July 2018, a new one-year contract was concluded for the period from 1 August 2018 to 1 August 2019. The insurance amount is BGN 794 thousand, of which BGN 779 thousand insurance premium and BGN 15 thousand tax on premium. As at 1 August 2019, a new one-year contract was concluded for the period from 1 August 2019 to 1 August 2020. The insurance amount is BGN 806 thousand, of which BGN 791 thousand insurance premium and BGN 15 thousand tax on premium. As at 1 August 2020, a new one-year contract was concluded for the period from 1 August 2020 to 31 July 2021. The insurance amount is BGN 822 thousand, of which BGN 806 thousand insurance premium and BGN 16 thousand tax on premium. The Company has a property insurance policy against industrial fire covering the period from 1 January 2016 to 31 December 2020. For the period from 1 January 2020 to 31 December 2020, the insurance sum amounts to BGN 13,640 thousand (EUR 6,974 thousand).

Others

The tax administration bodies may at any time revise the Company within 5 years after the end of the financial year and may impose additional tax liabilities and fines.

39. Categories of financial assets and financial liabilities

The carrying amounts of the Company's financial assets and financial liabilities can be presented in the following categories:

Financial assets	Note	31 December 2020	31 December 2019
		BGN '000	BGN '000
Financial instruments at fair value through other comprehensive income (OCI)	10	510	457
Debt instruments measured at amortised cost – current and non-current			
Trade and other receivables	9,14	36,211	73,188
Loans granted to related parties	35.2	8,387	10,663
Related parties receivables	35.1	32,868	53,924
Cash and cash equivalents	15	485,106	395,583
Total financial assets		563,082	533,815

Financial liabilities	Note	31 December 2020	31 December 2019
		BGN '000	BGN '000
Financial liabilities carried at amortised cost – current and non-current			
Borrowings	18	11,170	33,712
Retentions on construction contracts	19	3,952	4,188
Trade and other payables	22	80,551	77,814
Related parties payables	35.1	4,807	5,424
Total financial liabilities		100,480	121,138

Refer to Note 4.1 for information on the accounting policy for each category of financial instruments. The Company's policy and objectives for management of the risk associated with the financial instruments are described in Note 40.

40. Risks related to financial instruments

Management objectives and policies in respect of risk management

The Company is exposed to various risks associated with its financial instruments. The most significant financial risks the Company is exposed to are the market risk, credit risk and liquidity risk.

The Company's risk management is a responsibility of the Company's Central Administration with the assistance of the Board of Directors. Ensuring short-term and mid-term cash flows while reducing financial market expositions is a management priority. Long-term financial investments are managed in a manner ensuring their long-term return.

The most significant financial risks that the Company is exposed to are described below.

40.1. Market risk analysis

By using financial instruments, the Company is exposed to market risk and more specifically to the risk of changes in the foreign currency exchange rates, interest risk, as well as the risk of changes in specific prices, which results from the Company's operating and investment activities.

40.1.1. Currency risk

The Company carries out purchases, sales, lending and borrowing amounts denominated in foreign currency – Euro, US Dollars, and British Pounds. Most of those operations are denominated in Euro. Since the BGN to EUR exchange rate is fixed at 1.95583, the currency risk related to the Company's Euro exposure is minimal.

40.1.2. Interest risk

The Company's policy is focused on managing and decreasing the existing interest risk for long-term investments.

As at 31 December 2020, the Company's cash flows are exposed to interest risk arising from changes in the market interest rates of the three tranches still to be repaid, denominated in Euro, under the Loan Agreement with EURATOM of 29.05.2000, at contracted floating interest rate equal to six-month EURIBOR + margins in the range between 0.079% to 0.13%.

The Company provided to Kozloduy HPP EAD a loan at a floating interest rate based on the BIR plus a margin of 2.5%.

All other financial assets and financial liabilities of the Company are with fixed interest rates.

The tables below show the sensitivity of the annual net financial result after taxation as well as of the equity to possible changes in the interest rates of loans with floating interest rates based on the Bulgarian BIR, amounting to +/- 0.01% (for 2019: +/- 0.01%) and of loans with floating interest rates based on the EURIBOR, amounting to +/- 0.1% (for 2019: +/- 0.1%) Those changes are considered possible on the basis of observations of the established variations in the BIR and EURIBOR in 2019 and 2020. The calculations are based on the change of the average market interest rate as well as on the financial instruments used by the Company as at the end of the reporting period which are sensitive to interest rate variations. All other parameters are considered fixed.

The calculations are in compliance with the contract clauses of the Euratom Agreement whereby in case of unfavourable marker conditions the Lender determines an interest rate which must include administration fee for each tranche amounting to 0.08 percentage points, i.e. this is the minimum annual interest rate under which its value may not vary. With a view to the current restricting conditions, the impact of the decreased interest costs on the financial result is estimated at BGN 0.

Regarding the given financial assets denominated in BGN, the effect of decreased interest income on the financial result is estimated at BGN 0, in relation to the applicable BNB regulations which do not allow for base interest rates lower than 0.00% annually, as established during the year.

The effect of the Company's loans floating interest rates drop or rise is represented as profit or loss respectively and it has a similar effect on the equity based on the profit/loss component for the current year.

31 December 2020	Net financial result BGN '000		Equity BGN '000	
	Interest rate rise	Interest rate drop	Interest rate rise	Interest rate drop
Loans granted in BGN (BIR +/- 0.01%)	1	0	1	0
Borrowings in Euro (EURIBOR +/- 0.1%)	(9)	0	(9)	0

31 December 2019	Net financial result BGN '000		Equity BGN '000	
	Interest rate rise	Interest rate drop	Interest rate rise	Interest rate drop
Loans granted in BGN (BIR +/- 0.01%)	1	0	1	0
Borrowings in Euro (EURIBOR +/- 0.1%)	(27)	0	(27)	0

40.2. Credit risk analysis

The credit risk refers to the possibility that a particular counterparty does not make the expected payment to the Company. The Company is exposed to this risk in relation to various financial instruments, e.g. granting of loans, receivables from customers, cash deposits, investments in securities, etc. The Company's credit risk exposure is limited to the carrying amount of the financial assets approved at the end of the reporting period as specified below:

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Groups of financial assets – carrying amounts:		
Financial instruments at fair value through other comprehensive income (OCI)	510	457
Debt instruments measured at amortised cost – current and non-current:		
Trade and other receivables	36,211	73,188
Loans granted to related parties	8,387	10,663
Related parties receivables	32,868	53,924
Cash and cash equivalents	485,106	395,583
Carrying amount	563,082	533,815

The Company closely monitors for outstanding payables by customers and other counterparties, identified individually or in groups, and uses this information to manage the credit risk. The Company trades only with recognised and creditworthy counterparties. The Company's policy requires that all customers who wish to conclude trade transactions with deferred payment undergo procedures to verify their solvency. Furthermore, the balances of trade receivables are continuously monitored, thus the Company's exposure to doubtful debts and bad debts is insignificant.

The expected credit losses are calculated on the date of each reporting period.

The table below contains information about the credit risk exposure related to receivables from customers of non-related and related parties of the Company by using the expected credit loss provision matrix as at 31 January 2020 and 31 December 2019 respectively.

31 December 2020	Estimated credit loss percentage	Gross value of receivables from customers	Impairment for expected credit loss	Net value of receivables from customers
	%	BGN '000	BGN '000	BGN '000
Non-matured	11.13%	60,023	(6,480)	53,543
From 30-90 days	24.53%	53	(13)	40
From 90 to 180 days	58.82%	85	(50)	35
From 180 to 360 days	56.98%	1,369	(780)	589
Over 360 days	29.66%	21,142	(6,270)	14,872
		82,672	(13,593)	69,079

31 December 2019	Estimated credit loss percentage	Gross value of receivables from customers	Impairment for expected credit loss	Net value of receivables from customers
	%	BGN '000	BGN '000	BGN '000
Non-matured	7.34%	99,105	(4,973)	94,132
From 30-90 days	0%	4,432	(135)	4,297
From 90 to 180 days	0%	1,221	(2)	1,219
From 180 to 360 days	0%	9,868	(4,304)	5,564
Over 360 days	33.76%	28,414	(6,514)	21,900
		143,040	(15,928)	127,112

As at the date of the separate financial statements, the age structure of the receivables is as follows:

As at 31 December 2020

	Not overdue	30-90 days	90-180 days	180-360 days	>360 days	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Trade and other receivables	20,709	35	35	560	14,872	36,211
Related parties receivables	32,834	-	-	34	-	32,868
	53,543	35	35	594	14,872	69,079

As at 31 December 2019

	Not overdue	30-90 days	90-180 days	180-360 days	>360 days	Renegotiated	Total
	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000	BGN '000
Trade and other receivables		50,367	3,559	12	5,532	13,718	73,188
Related parties receivables		43,765	738	1,207	32	8,182	53,924
		94,132	4,297	1,219	5,564	21,900	127,112

The change in the impairment of trade and other receivables from third parties may be presented as follows:

	2020	2019
	BGN '000	BGN '000
Balance at 1 January	15,845	14,724
Adjustments from the initial application of IFRS 9	-	-
Balance at 1 January (restated)	15,845	14,724
Impairment loss	25	1,365
Recovering of impairment loss	(2,325)	(244)
Other adjustments	-	-
Balance at 31 December	13,545	15,845

Information about the change in the impairment of the trade and other receivables from related parties is presented in Note 35.3.

The carrying amounts of the above mentioned financial assets represent the maximum possible credit risk exposure of the Company with regards to these financial instruments.

40.3. Liquidity risk analysis

Liquidity risk refers to the possibility that the Company fails to settle its obligations when they fall due. The Company provides the liquid resources it needs by carefully monitoring the payments under the long-term financial liabilities repayment schedules, as well as the cash inflows and outflows arising in the course of its ordinary activities. The needs of cash resources are compared with the available borrowings in order to identify surplus or deficits. This analysis determines whether the available borrowings will suffice to cover the Company's needs for the period.

In order to manage the liquidity risk, the Company collects its receivables, controls its cash outflows, thus ensuring sufficient working capital. The resources for the long-term liquidity needs are provided through borrowings of relevant size.

As at 31 December, the maturity dates of the Company's contractual liabilities are summarised as follows:

31 December 2020	<3 months	3-12 months	1-5 years	Total
	BGN '000	BGN '000	BGN '000	BGN '000
Borrowings	-	11,170	-	11,170
Retentions on construction contracts	-	3,626	326	3,952
Trade and other payables	142,221	25,767	6,118	174,106
Related parties payables	4,789	18	-	4,807
	147,008	40,581	6,444	194,033

31 December 2019	<3 months	3-12 months	1-5 years	Total
	BGN '000	BGN '000	BGN '000	BGN '000
Borrowings	2,445	6,452	24,815	33,712
Retentions on construction contracts	-	978	3,210	4,188
Trade and other payables	96,260	47,489	13,181	156,930
Related parties payables	5,413	11	-	5,424
	104,118	54,930	41,206	200,254

The amounts disclosed in this analysis of the liabilities maturity represent non-discounted cash flows under the relevant contracts that could differ from the carrying amounts of the liabilities as at the reporting date.

41. Fair value measurement of non-financial assets

The Company groups its assets and liabilities carried at fair value into three levels based on the significance of the input information used in measuring the fair value of the assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: Market prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Input data, other than market prices, included in Level 1 that can be observed for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. based on prices); and
- Level 3: Input data for the asset or liability that are not based on observed market data.

A financial asset or liability is classified at the lowest level of significant input information used in its fair value measurement.

The following table represents the hierarchical levels of non-financial assets at 31 December, periodically measured at fair value:

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Property, plant, and equipment (Level 3):		
- Land	13,600	13,600
- Buildings	429,619	439,185
- Machinery, plant, and equipment	1,659,683	1,757,486
- Transport vehicles	8,528	7,619
Investment properties (Level 2):	4,115	4,120
Financial instruments at fair value through other comprehensive income (OCI) (Level 3)	510	457
	2,116,055	2,222,467

The fair value of the respective groups of assets of property, plant and equipment, investment properties and financial instruments of the Company is determined based on reports of independent certified appraisers as at 31 December 2018.

As at 31 December 2019, appraisers conducted a review for impairment. According to the review, the carrying amount of the assets does not differ significantly from the fair value of the revalued assets as at the end of the reporting period.

Significant unobserved data are related to the adjustment in the Company's assets specific factors. The degree and direction of this adjustment depends on the number and characteristics of the observed market transactions with similar assets that are used for valuation purposes. Despite the fact that the data are a subjective assessment, the Management believes that the final valuation would not be significantly affected by other possible assumptions.

As at 31 December 2020 the Company has performed a fair value measurement of the non-current assets of the property, plant, and equipment group in relation to their classification as Non-current assets held for distribution to owners.

The table below presents the hierarchical levels of the non-financial assets as at 31 December 2020 measured periodically at fair value; it shows the fair value of non-current assets held for distribution to owners to the amount of:

Property, plant, and equipment (Level 3):	
- Buildings	1,069
- Machinery, plant, and equipment	8,600
- Costs for acquisition of tangible fixed assets	46,573
	56,242

42. Capital management policy and procedures

The main objective of the Company's capital management is to ensure a stable credit rating and capital indicators, with a view of the continuing operations and maximisation of its value for the Sole owner.

The Company manages its capital structure and amends it, as necessary, depending on the changing economic environment. In order to maintain, or change, its capital structure, the Company may adjust the payment of dividends to the sole shareholder, to redeem treasury shares, to reduce or increase its share capital, by a decision of the Sole owner.

The Company monitors its capital through the realised financial result for the reporting period, as follows:

	2020	2019
	BGN '000	BGN '000
Profit for the year, after tax	275,810	324,892

The Company shall comply with the externally imposed capital requirements relating to the debt ratio, in accordance with a signed bank loan agreement. This ratio shall not exceed 2.

Debt servicing

According to the Loan Agreement with Euratom of 10 May 2000, the financial covenants, Debt Service Cover Ratio and Gearing Ratio, are observed in order to monitor whether they are within the acceptable ranges.

In accordance with the terms of the Loan Agreement, the Debt Service Cover Ratio is calculated as a correlation between the free cash flow for the year and debt servicing amount, including interests and principals for the respective year. This ratio shall not be less than 1.5. For 2020 the ratio amounted to 18.93 (2019: 16.15).

	2020	2019
	BGN '000	BGN '000
Free cash flow	438,453	555,534
Debt servicing	23,159	34,390
Coverage of the debt servicing	18.93	16.15

Another indicator that is monitored in compliance with the obligations of the Company as a Borrower is the Gearing Ratio calculated as a correlation between the Company's total borrowings and the equity as at the end of the respective year. This ratio shall not exceed 2. As at 31 December 2020, the correlation amounted to 0.01 (31 December 2019: 0.01).

	31 December 2020	31 December 2019
	BGN '000	BGN '000
Borrowed capital	11,170	33,712
Equity	2,795,595	2,681,323
Indebtedness	0.004	0.01

The above indicators are monitored on an annual basis. They are calculated based on the annual financial statements of the Company submitted to the bank. The Management shall immediately notify the bank in the event of non-performance. The Management believes that the Company complies with the required levels of financial indicators stipulated in the signed Loan Agreement.
During the presented reporting periods, the Company has not changed its capital management objectives, policies, and processes, nor the method for determining the capital.

43. Post-reporting date events

By virtue of Clauses I.2.1 and II.1 to II.8 of Minutes No. 4-2021/02.02.2021, the Board of Directors of BEH EAD decides in favour of a payment of an additional dividend in 2021 for Kozloduy NPP EAD amounting to BGN 220 (two hundred and twenty) million. The dividend is paid on 09/02/2021.

In 2020, the business environment and Company's activity were deeply affected by the new COVID-19 or corona virus global pandemic which was announced in the beginning of the year. Nationwide anti-epidemic measures have been taken, including mobility restriction, prohibition of public gatherings, closing of gyms, shops and pubs, work from home, and remote communications. The above event was specified as non-adjusting in the 2019 annual financial statements. The extraordinary epidemic situation continues as at the date of approval of these statements expecting it to remain effective at least until 30 April 2021.

There are no other adjusting or non-adjusting post-reporting date events that require additional disclosure or adjustment in the financial statements of Kozloduy NPP EAD as at 31 December 2020.

44. Disclosure pursuant to statutory requirements

These Separate Financial Statements are audited by the audit firm HLB Bulgaria OOD based on a contract concluded between the Bulgarian Energy Holding EAD and HLB Bulgaria OOD. The Company does not accrue amounts for independent financial audit. The Consolidated Financial Statements of the Bulgarian Energy Holding EAD disclose the accrued amounts for rendering of services by the registered auditor for independent financial audit. The registered auditor did not render any other services during the relevant period.

45. Approval of the Separate Financial Statements

The Separate Financial Statements as at 31 December 2020 (including comparison data) are approved for issue by the Board of Directors on 8 April 2021.