DTEK Finance PLC

Annual Report and Consolidated Financial Statements
For the year ended 31 December 2021

Company Number: 08422508

CONTENTS

COMPANY INFORMATION

DIRECTORS	Anastasiia Bardeha Valentyna Shevchenko
COMPANY SECRETARY	TMF Corporate Administration Services Limited
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
REGISTERED OFFICE	Leadenhall Building, Floor 45 122 Leadenhall Street London United Kingdom EC3V 4AB

STRATEGIC REPORT

The directors of DTEK Finance PLC (the "Company") present their annual report and consolidated financial statements in order to disclose the results of the activities of the Company and its subsidiary DTEK Investments Limited (together the "Group") for the year ended 31 December 2021 and their likely future development.

Principal activities and business overview

The Company is a fully owned subsidiary of DTEK Energy B.V. (together with all of its subsidiary operating companies "DTEK Energy") and was established with the sole purpose to serve as the finance vehicle of DTEK Energy, with its activity focused on the administration of the servicing of DTEK Energy's debt.

DTEK Energy Update

DTEK Energy is a vertically integrated coal mining power generating and trading group. It consists of a multitude of operating companies, the vast majority of which are incorporated under the laws of Ukraine and that have their assets and activities in Ukraine. DTEK Energy's principal activities are coal mining for further supply to its power generating facilities in Ukraine. DTEK Energy's coal mines and power generation plants are located in the Donetsk, Lugansk, Dnipropetrovsk, Lviv, Ivano-Frankivsk, Vinnitsya and Zaporizhzhya regions of Ukraine. During the reporting period DTEK Energy sold the major part of the electricity generated to the Ukrainian electricity market.

DTEK Energy is focused on achieving a high quality of work and on adherence to corporate standards, meeting its obligations, efficient use of natural resources and on protecting the environment.

The volatility of the electricity market, the COVID-19 outbreak and resulting continuing measures taken by various governments to constrain the virus have negatively affected the DTEK Energy business during 2020 and the beginning of 2021. The Ukrainian economy returned to modest growth in the first half of 2021 following the growth in the world commodity prices which helped with the balance of Ukraine's foreign trade.

The political situation deteriorated at the end of 2021 and further deteriorated at the beginning of 2022 resulting in growing military tension in the country. On 24 February 2022, Russian forces commenced an invasion of Ukraine resulting in a full-scale warfare across the Ukrainian state, which had an impact on all areas of the Ukrainian economy. In March 2022 DTEK Energy lost control over operations of Luhanska TPP as a result of war with the Russian Federation. Ukrainian business located outside the main war zones started to show signs of recovery from April 2022. Since October 2022 Russia started to target with missile and combat drones energy infrastructure all over Ukraine, causing its destruction and lack of power supply which results in scheduled and unscheduled power outages for both households and businesses. The situation remains tense, it has an impact not only on the Ukrainian but also on the international economy, and thus its further impact and duration is difficult to predict and quantify.

In May 2021, DTEK Energy finalised the restructuring of substantially all of DTEK Energy's indebtedness on the terms disclosed in Note 10. This resulted in a reclassification of the majority of the Group's debt to non-current according to the new maturity dates. Further, post the balance date, in February 2022 DTEK Energy finalised the restructuring of the remaining part of its bank debt.

Group Update

Following the restructuring in May 2021, and according to new bonds terms, the Group made a repayment of outstanding bond coupon interest in the amount of US$ 23,619 thousand, with the capitalization of another US$ 35,926 thousand. The Group is no longer in default as at 31 December 2021.

The Group has also obtained a consent from the bond holders in April 2022 to capitalise part of interest obligations due in March 2022 (and used this right for amount of US$ 16,812 thousand) and in June 2022 respectively (right was not used). In November 2022 the Company made a repurchase of Eurobonds in amount of US$ 154,343 thousand. Also, in November 2022 the Company has made the Eurobonds transfer to parent company DTEK Energy B.V. in exchange for partial setting-off of the intercompany loan receivable (Note 10).

Results

The results of the Group show a profit for the year ended 31 December 2021, amounting to US$ 186,567 thousand (for the year ended 31 December 2020: loss US$ 442,363 thousand). The results of the Company show a loss for the year ended 31 December 2021 amounting to US$ 79,040 thousand (for the year ended 31 December 2020: loss US$ 434,027 thousand). At 31 December 2021 the Group had an equity deficit of US$ 423,302 thousand (31 December 2020: deficit US$ 593,702 thousand) and the Company had an equity deficit of US$ 1,220,218 thousand (31 December 2020: deficit US$ 1,107,824 thousand).

Risks and uncertainties

As the finance vehicle of DTEK Energy, the principal and specific risks and uncertainties of the Group are intrinsically linked to the operations and financial performance of DTEK Energy. Consequently, the Group's financial performance depends entirely on that of DTEK Energy.

To a significant degree, DTEK Energy is exposed to macro-economic, political and regulatory risks in Ukraine. These risks all are outside of the Group's control. It can monitor and respond to these to mitigate their effects but not entirely manage them.

Risk management framework

In order to mitigate and minimise the principal and specific risks and uncertainties DTEK Energy and the Group (as part of DTEK Energy) uses the Internal Control and Risk Management system, which is based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework. It is fully integrated into strategic and tactical planning, including but not limited to business planning and budgeting processes, investment projects, etc. The risk management function covers all levels of business and production units (risk managers and coordinators). The risk management approach and processes are unified across all units, iterative bottom-up and top-down approaches are in place for identification, and for the assessment of risks and opportunities, the three-lines of defence principle is used. The COSO framework is designed in a way to help management in the achievement of its objectives, namely to enable effectiveness and efficiency of controls in the key business processes (purchases, sales, capex etc.) and operations, to ensure reliability of financial reports and compliance with applicable laws and regulations. The Group follows and implements the risk management procedures integrated on a DTEK Energy level.

DTEK Energy's Executive Board is responsible in general for the development of strategic and operational targets and for the identification, assessment and mitigation of associated risks. The Executive Board established the Risk Management Committee, which tackles risk management issues on a regular basis. For the identified risks deemed to be material, comprehensive mitigating action plans are developed and reviewed on a regular basis to ensure that the risks' levels remain at acceptable levels. Management is kept informed via regular risk reports and understands how risks influence the achievement of business targets, so management's decisions are made based on existent/potential risks and opportunities. DTEK Energy implements the necessary internal controls into the business processes based on performed risk assessments. The primary objective in setting up an internal control system is to ensure the reliability of DTEK Energy`s financial information (statements), to meet DTEK Energy`s goals and to attain compliance with applicable laws. The internal control function is centralized while controls themselves are imbedded into all business processes.

To ensure the reliability of financial statements, DTEK Energy has implemented an automated SAP system. This system allows for automatization and control of the business processes of DTEK Energy, namely: production planning (SAP PP module), equipment maintenance and repair (SAP PM module), project management (SAP PS module), material flow management (module SAP MM), reflection of business transactions in accounting (SAP FI module, which also includes SAP FM - budget management). Additional SAP modules were recently implemented - the SAP Sourcing procurement platform and the automated SAP SLC vendor database management system, which automate the procurement procedures and processes for registering, qualifying and evaluating contractors.

As part of further development of the internal control system, DTEK Energy focussed on the following areas:

- Analysis of business processes for the identification and assessment of risks and internal controls aimed at minimizing such risks at the stage of creation or review of business process procedures.
- Analysis of existing business processes in order to assess the system of internal control of these business processes. As part of such analysis, risks and internal controls are identified and assessed which are selectively tested for their operational effectiveness, and mitigation measures are approved which aim at minimizing the inherent risks and strengthening the internal control system of business processes.

DTEK Energy also makes use of insurance programmes in order to safeguard its most critical assets and activities from low-probability/high-impact risks.

Therefore, DTEK Energy`s Risk Management and Internal Control framework provides reasonable assurance that business objectives can be achieved.

During 2021 DTEK Energy and the Group concentrated on the management of the following principal risks:

Going concern:

Management considers that the application of the going concern assumption for the preparation of these consolidated financial statements is appropriate (Note 1 of the accompanying Consolidated Financial Statements). Management acknowledges that the facts and circumstances described in the Note 1 of the accompanying Consolidated Financial Statements, in particular the current situation and the future development of military actions represent material uncertainties, which may cast significant doubt about DTEK Energy's, as well as the Group's and Company's, ability to continue as a going concern and, therefore, DTEK Energy, as well as the Group and Company, may be unable to realise its assets and discharge its liabilities in the normal course of business.

In addition to the macro-economic, political and regulatory risks set out above and below, the Group's activities expose it to a variety of financial risks: market risk (indirectly via DTEK Energy), credit risk and liquidity risk. Exposure of the Group to these different financial risks is disclosed in Note 19.

Political, macroeconomic and geopolitical risks:

The political situation deteriorated at the end of 2021 and continued further deteriorating in the beginning of 2022 resulting in growing military tension in the country. On 24 February 2022, Russian forces commenced an invasion of Ukraine resulting in a full-scale warfare across the Ukrainian state.

Escalating political tensions had an adverse effect on the Ukrainian financial markets, resulting in a hampering of ability of Ukrainian companies and banks to obtain funding from the international capital and loan markets. This has contributed to a devaluation of the Hryvnya against major currencies in January-September 2022. The macroeconomic and political uncertainty causes disruption to economic activity, as further discussed in the Going Concern section of the Director's Report, and it is unknown what its longer-term impact on the DTEK Energy business may be.

Since May 2021, the global economy recovered steadily despite new seasonal strains of the COVID-19 disease in some countries. This is against the background of rapid increase in carbon prices due to increased regulation of its emissions in the EU and reduction of reserves leading to an increase in natural gas prices.

In 2021 there were no major political events in Ukraine. In the first half of 2021, economic activity in Ukraine continued to recover. This was due to less stringent quarantine restrictions than in 2020, their implementation only in certain regions (quarantine of "red zones") and the adaptation of population and business to work in such conditions.

Despite the COVID-19 pandemic the economic situation was generally manageable. Starting in January 2021, the COVID-19 vaccination campaign started in Ukraine. The local currency's (hryvnia) depreciation and inflation were under control.

The political risk associated with the supply of anthracite coal from the territory of the Russian Federation did materialize in November 2021, but further in January 2022 the supply of anthracite coal resumed till 23 February 2022, when the military invasion by the Russian Federation started, which further resulted in loss of control over DTEK Energy's TPP, which was operating on anthracite coal.

Regulatory risks:

Since the launch of the New Electricity Market in 2019 DTEK Energy continues to work under the new market conditions: market and price modelling, obtaining appropriate licenses in order to enter the internal/additional electricity trading markets, introducing more direct agreements with clients for electricity supply, etc.

Despite the launch of the New Electricity Market, DTEK Energy is still highly exposed to regulatory risks. In particular, DTEK Energy faced risks associated with:

- Tariff-setting rules – the influence of price restrictions "Price Cap";
- Lack of government subsidies for using alternative expensive fuel (natural gas) for Luganska TPP.

During 2019-2021, DTEK Energy faced problems on receiving debt from the regulator Energorynok SE. The following measures were implemented in order to manage this risk - negotiation with the Cabinet of Ministers of Ukraine (CMU) on the repayment or offset of the debt of Energorynok SE; joint participation with the National Energy and Utilities Regulatory Commission (NEURC) on the development of regulatory documents to reduce cash gaps for distribution companies and suppliers in case of unbundling.

Since 2021 till September 2022 several developments took place in the electricity market rules including widening price caps, mandatory sale of the majority of electricity through open auctions, restrictions on electricity imports, etc. Further during 24-26 February 2022, the Ukrainian power system was put in isolation from the power systems of Russia and Belarus and the ENTSO-E network to test its ability to operate independently as part of preparation for synchronization with the European ENTSO-E. As a result of the Russian invasion the Ukrainian power system was not connected back to the power systems of Russia and Belarus and in the middle of March 2022 it was connected to the ENTSO-E network.

The release of government regulations in the second half of 2021 had a positive impact on DTEK Energy through increase in electricity tariffs and respectively gross profit margins, however further in 2022 the tariff was impacted by the war related events.

DTEK Energy and the Group paid special attention to the market risks, mostly related to market competition and expansion. DTEK Energy is actively working to minimize such risks in the future in connection with liberalization of the Ukrainian electricity market and expected increased competition from local and international players. In order to manage this risk DTEK Energy uses special software that allows it to simulate the distribution of supply depending on the load of TPPs, number of requests, etc.; when the average annual tariff and/or supply of DTEK Energy TPPs decreases, DTEK Energy substitutes revenue sources, i.e. sells an excess of coal to third parties.

During 2021 DTEK Energy and the Group had the following specific risks in the focus:

Financial risks and market risks:

Financial risks and markets risks of DTEK Energy have a direct impact on the abiity of the Group and the Company to service its debt and fulfil its financial obligations.

In order to mitigate currency risks DTEK Energy regularly re-assess its open positions, develops and implements risk mitigation strategies - principles of distribution of export commodities (electricity and coal) between short-term and long-term positions, price projections, etc.

The inflation rate in Ukraine stood at 10.0% for 2021 (2020: 5.0%) and for 2022 at 26.6% while GDP increased by 3.0% in 2021 (2020: decreased by 4.4%) according to the statistics published by the National Bank of Ukraine. The Hryvnia strengthened: against the Euro from UAH 34.74 as at 31 December 2020 to UAH 30.92 as at 31 December 2021; USD from UAH 28.27 as at 31 December 2020 to UAH 27.28 as at 31 December 2021.

As of 24 February 2022, the hryvnia exchange rate was effectively fixed at UAH 29.25 per USD 1 on the FX market to ensure the sound and stable operation of the country's financial system and further from 21 July 2022 the hryvnia exchange rate was fixed at UAH 36.57 per USD 1.

With regards to currency risk, the national currency of Ukrainian hryvnia had high volatility during the recent years, and it has slightly strengthened in 2021. As a result, DTEK Energy received forex gains mainly on financing activities. DTEK Energy strives to reduce short open foreign currency balance position that arose as a result of the imbalance between loan portfolio in foreign currency and income in local currency. The following measures are implemented in order to manage these risks: foreign exchange flow planning was carried out; the need for hedging currency positions was evaluated.

Liquidity and cash flow management:

Prudent liquidity and cash flow management implies maintaining sufficient cash and marketable securities and the availability of funding to meet existing obligations as they fall due. In order to manage liquidity risk and ensure timely repayment of debt, DTEK Energy diligently plans and monitors cash inflows and outflows on a daily basis (including the ability to repay intercompany loans to the Group that are directed on repayment of external debt), takes measures to optimize working capital structure, keeps short communication lines with lenders in order to restructure its loan portfolio and eliminate possible liquidity gaps in future. Management monitors liquidity on a daily basis, management incentive programs use key performance indicators such as EBIT, EBITDA, operating and free cash flow and cash collections to ensure liquidity targets are actively monitored.

Reputational Risks:

DTEK Energy actively manages its reputational risks by performing a regular assessment of its reputation, and of changes in the social climate both in the internal and external environment. DTEK Energy executes proactive and reactive communications at a local and international level in order to minimize the impact of reputational risks.

Corporate Governance and Compliance Risks:

In order to manage compliance risks, such as conflict of interest, deals with untrustworthy counterparties, risks of bribery of decision-making personnel, DTEK Energy follows the restrictions of current sanction regimes and acts in accordance with international legislation, executing KYC procedures and compliance checks while working with its counterparties. DTEK Energy also implements anti-corruption and anti-bribery programs, Compliance Policy, Code of Ethics & Business conduct, Regulation on the Implementation of a Code of Ethics & Business Conduct. DTEK Energy regularly provides employees with appropriate compliance trainings and monitors the internal compliance rules being in place.

Operations and production risks:

Industrial engineering:

Risk associated with the operation of technical facilities. Breakdowns and accidents that temporarily interrupt operations at TPP's and mines remained relevant for DTEK Energy in 2021. To limit the risk, technological facilities are regularly being inspected and maintained, production processes and technologies are constantly being upgraded and optimized and staff trained accordingly. The investment program of business units includes the costs for technological maintenance and current repair programs. If reasonable, DTEK Energy applies insurance policies to protect corporate assets, to compensate for a loss as a result of business interruption and to provide liability coverage in the event of harm inflicted on third parties by potential accidents occurred at DTEK Energy's production sites.

Risk associated with the construction of technical facilities. DTEK Energy's investment program includes a large number of projects for major repairs and reconstructions of power-generating units of TPPs, and equipping mines. Risk management activities are an integrated part of the project management business process, so key risks of the projects are identified, their potential impact on the project results is assessed, risk mitigation plans are developed, and regular monitoring of the status is carried out.

Human resources' risks:

Considering the political and economic instability in Ukraine and the specifics of the industry, DTEK Energy faces risks associated with the shortage of qualified engineering and working specialists, also due to migration abroad, as well as the negative activities of trade unions. DTEK Energy manages these risks by creating a motivation and educational system, and also by proactive communications with all parties involved.

General legal risks:

DTEK Energy faces a number of legal risks from all of its operational activities. DTEK Energy and the Group manage these risks via efficient administration of contracts with counterparties, analysis and applying proper legal practices, defending its interests in courts.

IT risks:

Technical malfunction, virus attacks, data loss or downtime of IT systems can have a significant negative impact on DTEK Energy's activities, taking into account the high level of integration of information and communicational systems into the Group's business processes. The following tools were implemented in order to manage these risks: control over unauthorized software (SCCM, etc.), the Intrusion Prevention System (IPS), DLP policies, the MDM system, group policies of the EMET tool, antivirus control, anti-SPAM systems.

Section 172(1) of Companies Act 2006 statement

The Company Directors consider, both individually and collectively, that during the reporting year, they have discharged their statutory duties faithfully, diligently and responsibly; and that they have acted in a way they consider in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to matters set out in section 172(1)(a) to (f) of the Companies Act in the decisions taken during the financial year ending 31 December 2021. In particular, we refer to:

- ***Likely consequences of any decision in the long term:*** the Group and Company's management purpose is to serve as the finance vehicle of DTEK Energy, therefore any decision is being co-ordinated with DTEK Energy management as well. This allows to have a broad picture and estimation of potential impact of any decision taken on Company's level.

- ***Interests of employees:*** each of the Group and Company's employees is contributing to their success. The Group and Company, are committed to the welfare and wellbeing of their employees, as outlined in the Social Responsibility section.

- ***Fostering relationships with suppliers, customers, and others:*** it is the Company's policy to share DTEK Energy's Code of Business Conduct with its business partners, including, but not limited to Eurobond holders, banks and other companies of DTEK Energy and explain the conduct expected from its partners. In particular, the restructuring of Bonds in May 2021 would not have happened without the appropriate business relationships with the creditors, built earlier by the Company's management.

- ***Maintaining a reputation for high standards of business conduct:*** DTEK Energy's Code of Business Conduct is built on the principles of safety, integrity, quality, respect, and sustainability, and provides directors and employees a common language and guidance for decisions and actions in line with DTEK Energy's core values. The management of the Company and Group state they acted in accordance with the mentioned Code.

- ***Impact of operations on the community and the environment:*** the estimated environmental impact of the Group and Company's office is considered to be insignificant by the Group's management. This is due to the relatively small number of employees (see Note 16) and their absence in the workplace due to COVID-19 lockdown restrictions in London during the first half of 2021.

Future developments

Since the transfer of the Group's external debt to DTEK Energy in November 2022 (see Note 10) the principal activity of the Group is the investing activities with related parties.

The Group's performance is fully linked to the success and financial and operational performance of DTEK Energy and therefore the changes in its development strategy are entirely dependent on the latter.

In 2021, DTEK Energy continued implementing its long-term strategy, aimed to complete the reorganisation in the management structure and support in the establishment of the Ukrainian electricity market model.

Next stages are devoted to improving efficiency of operations (such as scaling up lean projects, launching innovative technologies) and wide scale roll out of innovations through the production and management processes (covering period of 2021-2030).

Ukraine is considered as the main market for DTEK Energy activities in the long-term.

Taking into account uncertainties in 2022 DTEK Energy will focus on the following key areas in 2023:

- Further improve operational efficiency;
- Support further establishment of new Ukraine electricity market model;
- Maintaining the potential of production facilities (personnel, equipment, infrastructure);
- Promote safety culture among all members of personnel and develop leadership qualities and absolute commitment to ensuring occupational safety.

Management does not plan any major business acquisitions in the foreseeable future.

Social responsibility

Social responsibility and commitment to the principles of sustainable development are key values and an integral part of the ESG-strategy of DTEK Energy. That is why DTEK Energy invests significant funds into improving the safety, efficiency and environmental friendliness of its enterprises, labour protection, health improvement and professional development of employees, the development of local communities and improving the quality of life of people in the regions of activity. DTEK is systematically developing its activities in the field of sustainable development, guided by the principles of the ESG and the UN Sustainable Development Goals and strives to work in accordance with international standards for sustainable development. The practice of responsible financing is aimed at an integrated and balanced approach to business development and the observance of the interests of the community. DTEK Energy being one of the biggest national employers and a social investors, participates in the socio-economic development of the regions in which it operates.

Socially responsible investment in partnership with local communities is a prerequisite for the operations of the DTEK Energy companies. The DTEK Energy companies implement social networks, which are aimed at involving and uniting the population to solve the problems of community development and improve the quality of life.

DTEK Energy is a member of the UN Global Compact Network and in its activities follows the principles and goals of sustainable development proclaimed by the UN. DTEK Energy strives to protect the environment, improve production and management processes, and invest in environmental activities in all areas of its enterprises. Environmental activities are an integral part of the Group's successful business and are based on DTEK's Environmental Policy, developed in accordance with the international standard ISO 14001:2015. The unconditional priority of DTEK Energy activities is the conduct of ethical, legal and open business. DTEK Energy openly declares its anti-corruption standards and adheres to the principle of zero tolerance for corruption. DTEK Energy's internal control and risk management system was formed in accordance with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission, COSO. It is fully integrated into all stages of planning: strategy, business-planning, investment projects, budgeting and so on. DTEK Energy continues to report on social corporate responsibility and sustainable development.

Post balance sheet events

Please refer to Note 21 of the accompanying Consolidated Financial Statements.

On behalf of the board

Anastasiia Bardeha, Director
31 March 2023

Valentyna Shevchenko, Director

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements of DTEK Finance PLC and its subsidiary (the "Group") for the year ended 31 December 2021.

Incorporation

DTEK Finance PLC (the "Company") is a public limited company incorporated on 27 February 2013 in England and Wales (United Kingdom) through the contribution by DTEK Energy B.V. of 100% of its equity interest. Its registered office is 122 Leadenhall St, Floor 45, EC3V 4AB London, United Kingdom.

DTEK Finance PLC owns 100% of the issued share capital of DTEK Investments Limited, a company incorporated in England and Wales (United Kingdom). The total amount of the investment as of 31 December 2021 was US$ 287,029 thousand (31 December 2020: US$ 276,914 thousand). The increase has occurred as a result of foreign exchange movement from converting the carrying value of the investment from UAH (the underlying functional currency) to US$ (the presentational currency).

DTEK Energy B.V. (the "Parent Company") is a private limited liability company incorporated in the Netherlands on 16 April 2009. The Parent Company was formed through the contribution by System Capital Management Limited (SCM ltd.) and InvestCom Services Limited of their 100% equity interest in DTEK Holdings Limited, a Cyprus registered entity and predecessor to the Parent Company. On 19 September 2014 the Parent Company changed its ultimate parent company to DTEK B.V. (the "Ultimate Parent Company"). The Ultimate Parent Company and its subsidiaries ("DTEK Energy Group") are beneficially owned by Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management ("SCM").

The principal activity of the Company and its subsidiary (together referred to as the "Group") is to serve as a finance vehicle for the DTEK Energy Group ("DTEK Energy").

Outlook

Taken together, the economic impact of the COVID-19 pandemic, the war in Ukraine, the substantive flaws in the functioning of Ukraine's electricity market (i.e. price caps, overdue receivables from sales on balancing market) and the resulting endemic electricity sector liquidity crisis as well as the decrease in the volumes of thermal power generation due to lower overall electricity demand and higher supply from renewables, portend challenging times ahead for DTEK Energy. None of these are under the control of DTEK Energy. As mentioned above, in May 2021, DTEK Energy finalised the restructuring of substantially all of its borrowings. Further in February 2022 DTEK Energy finalised the restructuring of remaining part of bank debt.

Following the restructuring in May 2021, and according to its terms, during 2021, the Group has made a repayment of bond coupon interest in amount of US$ 23,619 thousand, with the capitalization of another US$ 35,926 thousand. As a result of the restructuring completed in May 2021 the Group is no longer in a default state. Further during April-December 2022 the Group made interest and principal repayments according to the terms of Eurobonds. The Group has also obtained a consent from the bond holders in April 2022 to capitalize part of interest obligations due in March 2022 (and used this right for amount of US$ 16,812 thousand) and in June 2022 respectively (right was not used). In November 2022 the Company made a repurchase of Eurobonds in amount of US$ 154,343 thousand. Also in November 2022 the Company has made the Eurobonds transfer to parent company DTEK Energy B.V. in exchange for partial setting-off of the intercompany loan receivable.

Going concern

As at the reporting date the Group had an equity deficit of US$ 423,302 thousand and the Company had an equity deficit of US$ 1,220,218 thousand.

Post balance sheet date, in November 2022 the Company novated rights to its Eurobonds to DTEK Energy and as a result as of the date of the approval of these financial statements the Group and the Company only have a net long-term intercompany payable to DTEK Energy and its undertakings in the amount of US$ 151,506 thousand. Other liabilities are trivial and predominantly represent payroll expenses and consulting expenses.

The Group management prepared a monthly cash flow forecast until December 2024. Based on this forecast, management expects to have sufficient liquidity during the projected period provided that DTEK Energy does not demand the accelerated repayment of the intercompany debt and procure sufficient funding to meet day-to-day activities. As such the Group's ability to continue as a going concern depends on the continued ability of DTEK Energy's going concern position.

DTEK Energy has committed to provide financial support to the Group and the Company to fund its operations for at least 12 months from the date of approval of these financial statements in the form of letter of support. The directors of the Group and the Company have given full consideration to the ability and financial performance of the DTEK Energy to rely on its funding commitment.

DTEK Energy's business is concentrated in Ukraine where the majority of its revenue is generated. On 24 February 2022 Russia initiated a full-scale military invasion of Ukraine. This was followed by the immediate enactment of martial law by the Ukrainian President's Decree approved by the Parliament of Ukraine and corresponding introduction of related temporary restrictions that impact the economic environment and business operations of DTEK Energy. Since the start of the war, Russia has committed multiple attacks on DTEK Energy 's assets and infrastructure, which have damaged certain producing assets. Nevertheless, DTEK Energy's power producing capacity was largely unaffected and DTEK Energy is still dependent on the ability of the Ukrainian's power grid to transmit the power, which was also negatively affected by the Russian attacks. Although the country experienced lack of capacity in some regions of Ukraine during November 2022-January 2023, since February 2023 the situation started to stabilise.

There is a significant uncertainty resulting from the current situation and over the future development of the military invasion. The current and future developments have a short and long-term impact on DTEK Energy and, also to a lesser extent, on the Group and Company, its people, operations, liquidity, and assets. The outcome of Russia's current military action in Ukraine is uncertain and the potential impacts on DTEK Energy's operations and liquidity are unknown but could be severe.

DTEK Energy and Group management acknowledges that the facts and circumstances described above, in particular the current situation and the future development of military actions, represent material uncertainty, which may cast significant doubt about the DTEK Energy and respectively the Group's, and the Company's ability to continue as a going concern and, therefore, the Group and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Despite this material uncertainty relating to the war in Ukraine, management is continuing to take actions to minimise the impact on DTEK Energy and the Group, and therefore believes that application of the going concern assumption for the preparation of financial statements for the Group and Company is appropriate. These financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

Financial risk management

Financial risk management is the responsibility of the Company and the Company's parent entity, DTEK Energy B.V. In particular, its treasury department working closely with the operating units, under policies approved by the Management Board. The treasury department identifies, evaluates and proposes risk management techniques to minimise these exposures. Additionally, DTEK Energy has developed a compliance function to monitor and analyse financial, reputation or legal risks connected with business activities. The risk management framework is outlined on page 3 of Strategic report of these financial statements.

Results and dividends

The consolidated profit of DTEK Finance PLC and its subsidiary (the "Group") for the year ended 31 December 2021 amounted to US$ 186,567 thousand (for the year ended 31 December 2020: loss US$ 442,363 thousand).

Subsequent events

Please refer to Note 21 of the accompanying Consolidated Financial Statements.

Directors

Directors of the Company during 2021 and up to the 5th April 2022 were as follows: Maksym Timchenko and Dr Johan Frans Jozef Maria Bastin. The Company has accepted the resignation of Maksym Timchenko and Dr. Johan Frans Jozef Maria Bastin from the position of directors on 5th April 2022 and appointed Anastasiia Bardeha and Valentyna Shevchenko as new directors with effect from 6th April 2022.

There were no qualifying third party indemnity provisions in place for the directors for the year ended 31 December 2021.

Independent auditors and disclosure of information to them

PricewaterhouseCoopers LLP have been appointed as auditors of the Group for the financial year ended 31 December 2021.

In so far as the directors are aware:

- there is no relevant audit information of which the Group's auditors are unaware;
- and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information;

The auditors, PricewaterhouseCoopers LLP, having indicated their willingness to continue in office and will be deemed to be re-appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the board

Anastasiia Bardeha, Director

Valentyna Shevchenko, Director

31 March 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and the Company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Anastasiia Bardeha, Director

Valentyna Shevchenko, Director

31 March 2023

Independent auditors' report to the members of DTEK Finance PLC

Report on the audit of the financial statements

Opinion

In our opinion, DTEK Finance PLC's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit, the company's loss and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 December 2021; the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated and Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's and the company's ability to continue as a going concern. While the directors have concluded that the going concern basis of accounting is appropriate, the group's and company's going concern position is dependent on the continued financial support from DTEK Energy. The outcome of Russia's current military action in Ukraine is uncertain and the potential impacts on DTEK Energy's operations and liquidity are unknown but could be severe. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the directors' evaluation of the cash flow forecasts for the group until December 2024, which supports their use of the going concern basis of accounting for the Group and the Company provided the ongoing financial support from DTEK Energy.
- Obtaining a signed support letter provided by the directors of DTEK Energy to the directors of the group and the company outlining the commitment to provide financial support to the group and the company to fund their operations for at least 12 months from the date of approval of these financial statements.
- Holding extensive discussions with management and the group auditors of DTEK Energy, PwC Ukraine.
- Performing substantive audit procedures over the restructured debt.

- Considering the historical accuracy of management's forecasting.
- Reviewing the disclosure provided in note 1 to the financial statements and concurring that this is sufficient to inform members about the directors' going concern assessment.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our audit approach

Overview

Audit scope

- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

- Material uncertainty related to going concern
- Accounting for restructuring of borrowings and loans receivable (group and company)
- Management's ECL model in relation to impairment of loans receivable balances (group and company)
- Impact of the Russian invasion of Ukraine (group and company)

Materiality

- Overall group materiality: US$14,820,000 (2020: US$9,500,000) based on 1% of total assets.
- Overall company materiality: US$13,850,000 (2020: US$5,900,000) based on 1% of total assets.
- Performance materiality: US$11,115,000 (2020: US$7,100,000) (group) and US$10,380,000 (2020: US$4,400,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the 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 going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Accounting for restructuring of borrowings and loans receivable and Impact of the Russian invasion of Ukraine are new key audit matters this year. Management's consideration of the potential impact of the COVID-19 pandemic (group and company), which was a key audit matter last year, is no longer included because of the relatively insignificant financial and operational impact of COVID-19 on the group and the company during the year under audit. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Accounting for restructuring of borrowings and loans receivable (group and company)	
Refer to notes 2, 7 and 10 to the consolidated and company financial statements for the directors' disclosures related to the accounting for the restructuring of borrowings and loans receivable. The directors have undertaken a restructuring of the borrowings and loans receivable during 2021. In doing so, the directors have	We have obtained and reviewed legal documentation supporting the restructuring of the borrowing and loans receivable. We have critically evaluated management's accounting treatment of derecognition of the old balances and recognition of the new balances. We have independently benchmarked the fair value of the

made estimates and judgements that are critical to the outcomes of these considerations with a particular focus on accounting for the derecognition of previous financial instruments and recognition of the new instruments. We consider this to be a key audit matter due to the significant impact of the restructuring on the consolidated and company financial statements.	borrowings and loans receivable upon initial recognition. We have also substantively tested the costs relating to restructuring. We have reviewed the disclosures in notes 2,7 and 10 to the consolidated and company financial statements and are satisfied that these disclosures are appropriate.
Management's ECL model in relation to impairment of loans receivable balances (group and company) Refer to note 2 to the consolidated and company financial statements for the directors' disclosures related to critical accounting estimates and judgements, and note 7 to the consolidated and company financial statements for the directors' disclosures related to the Expected Credit Loss ('ECL'). The directors have considered that the completion of the restructuring of the borrowings of the DTEK Energy group evidenced a decrease in credit risk of the intercompany loans receivable since the previous year end. The directors have concluded that these assets are in Stage 1 of the 3-stage model under IFRS 9, and therefore a 12-months ECL has been calculated. The group recognises an ECL on its intercompany loans receivable from the DTEK Energy group, and has determined the appropriate ECL rate through analysis of the bond prices of the group's listed Eurobonds, which are used as a proxy for the liquidity risk of the DTEK Energy group. Using this approach, the directors have recognised an ECL of 11.44% in these financial statements. We considered this to be a key audit matter due to the judgement and estimation involved and the significance to the financial statements.	We assessed management's key judgement that the loans receivable should be classified as stage 1 assets as at 31 December 2021. We have noted that the group and the company have been able to restructure the borrowings during 2021 and replace the old Eurobonds with the new notes and have obtained evidence that the credit risk has decreased from May 2021 to December 2021. We have considered the Russian invasion of Ukraine as a non-adjusting post balance sheet event. Given these facts, we are comfortable with management's assessment that these assets are recognised as stage 1. In assessing the ECL rate applied by the directors, we have calculated an appropriate range for the ECL rate, through considering a variety of scenarios and assessing the probability weightings of different bond pricings. On the basis of our work performed, we are comfortable that the rate of 11.44% applied by management is within the expected range. We have also reviewed the disclosures in notes 2 and 7 to the consolidated and company financial statements and are satisfied that these disclosures are appropriate.
Impact of the Russian invasion of Ukraine (group and company) Refer to note 1 to the consolidated and company financial statements. On 24 February 2022, Russia commenced a military invasion of Ukraine. This was quickly followed by the enactment of martial law, and the introduction of temporary restrictions that impact, amongst other things, the economic environment and business operations in Ukraine. Management has assessed the impact of the invasion on the operations of the group and the company and specifically considered the impact on the group's and company's ability to continue as a going concern. In respect of balances as at 31 December 2021, this is a non-adjusting post-balance sheet event. Given the uncertainties and potential implications on the economy, and hence the group's and company's operations, resulting from the invasion, we have assessed this as a key audit matter.	To assess the risk of uncertainty as a result of the invasion and its potential impact on the group's and company's financial position and operations, we discussed with management the impact of the invasion on the group's and company's operations and on those of DTEK Energy; evaluated management's assessment, including the impact on going concern; considered whether changes to working practices brought about by the invasion had an adverse impact on the effectiveness of management's business processes; evaluated the appropriateness of management's disclosures in the financial statements. We concur with management's conclusion in respect of the impact of the invasion on the group's and company's operations and financial position. Our conclusions and further work performed in respect of going concern are set out separately within the 'Material uncertainty related to going concern' section of this report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The parent company is a fully owned subsidiary of DTEK Energy B.V., which, together with all of its subsidiary operating companies forms DTEK Energy. The group's sole purpose is to serve as the finance vehicle of DTEK Energy, with its activity focussed on the administration of the servicing of DTEK Energy's debt. Our group audit scope has two components - the parent company and its sole subsidiary, DTEK Investments Limited. Both of these entities were subject to a full-scope audit. We note that the performance of the group is closely linked to that of DTEK Energy (based in Ukraine) and we have conducted audit fieldwork both in-country in Ukraine and remotely from the United Kingdom. During our fieldwork, we discussed underlying DTEK Energy operations with local management (which directly links to the going concern assessment performed for the group), and also held discussions with group staff based in the United Kingdom. Additionally, we performed work over the consolidation of the two entities of the group. All procedures were performed by the group engagement team, though we also held several discussions with the DTEK Energy auditor, based in Ukraine.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	**Financial statements - company**
Overall materiality	US$14,820,000 (2020: US$9,500,000).	US$13,850,000 (2020: US$5,900,000).
How we determined it	1% of total assets	1% of total assets
Rationale for benchmark applied	Considering the nature of the group's operations, a total assets benchmark is considered to be the most appropriate measure in assessing its performance.	Considering the nature of the company's operations, a total assets benchmark is considered to be the most appropriate measure in assessing its performance.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between $10,300,000 and $13,800,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to US$11,115,000 (2020: US$7,100,000) for the group financial statements and US$10,380,000 (2020: US$4,400,000) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $741,000 (group audit) (2020: $475,000) and $690,000 (company audit) (2020: $360,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities In Respect Of The Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified the principal risks of non-compliance with laws and regulations related to the legal framework in the jurisdiction in which the group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management's incentive to manipulate the results that may relate to compliance with loan covenants, and in the evaluation of the ECL provision recognised on the loans and associated interest receivable balances, which is recognised to be highly judgemental. Audit procedures performed by the engagement team included:

- Inquiries of management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Understanding and evaluating controls designed to prevent and detect irregularities and fraud;
- Assessing significant judgements and estimates in particular those relating to Accounting for restructuring of borrowings and loans receivable and Management's ECL model in relation to impairment of loans receivable balances (as outlined further in the 'Key audit matters' section of this report);
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and addressing the risk of management bias through testing of significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Kevin McGhee

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 March 2023

In thousands of US$	Note	Year ended 31 December 2021	Year ended 31 December 2020
Finance income	4	361,150	136,849
Finance costs	4	(168,569)	(165,979)
Gain on restructuring of loans receivable	7	337,864	-
Change in expected credit losses	7	(356,626)	(377,241)
Other income		143	180
General and administrative expenses	5	(1,919)	(1,858)
Net foreign exchange gain/(loss)		14,624	(34,027)
Profit/(Loss) before income tax		**186,667**	**(442,076)**
Income tax expense	15	(100)	(287)
Profit/(Loss) for the year		**186,567**	**(442,363)**
Other comprehensive (expense)/income			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation		(16,167)	36,225
Total other comprehensive (expense)/income		**(16,167)**	**36,225**
Total comprehensive income/(expense) for the year		**170,400**	**(406,138)**

In thousands of US$'	Note	Year ended 31 December 2021	Year ended 31 December 2020
Finance income	4	283,338	47,019
Finance costs	4	(167,488)	(162,353)
Gain on restructuring of loans receivable	7	272,379	-
Change in expected credit losses	7	(510,468)	(123,541)
General and administrative expenses	5	(506)	(323)
Net foreign exchange gain/(loss)		43,705	(194,765)
Loss before income tax		**(79,040)**	**(433,963)**
Income tax expense	15	-	(64)
Loss for the year		**(79,040)**	**(434,027)**
Other comprehensive (loss)/income			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation		(33,354)	141,105
Total other comprehensive (expense)/income		**(33,354)**	**141,105**
Total comprehensive expense for the year		**(112,394)**	**(292,922)**

In thousands of US$	Note	As at 31 December 2021	As at 31 December 2020
ASSETS			
Non-current assets			
Furniture, fittings and equipment		1	1
Loans receivable	7	1,394,576	892,059
Total non-current assets		**1,394,577**	**892,060**
Current assets			
Interest receivable	7	98,807	62,455
Other receivable		1,338	545
Financial investments		-	264
Cash and cash equivalents	8	1,801	127
Total current assets		**101,946**	**63,391**
TOTAL ASSETS		**1,496,523**	**955,451**
EQUITY			
Share capital	9	78	78
Currency translation reserve		(21,056)	(4,889)
Accumulated losses		(402,324)	(588,891)
TOTAL EQUITY		**(423,302)**	**(593,702)**
LIABILITIES			
Non-current liabilities			
Borrowings	10	1,877,132	-
Total non-current liabilities		**1,877,132**	**-**
Current liabilities			
Borrowings	10	20,000	1,394,916
Interest payable	10	22,152	152,858
Trade and other payables	11	541	1,315
Current income tax payable		-	64
Total current liabilities		**42,693**	**1,549,153**
TOTAL LIABILITIES		**1,919,825**	**1,549,153**
TOTAL LIABILITIES AND EQUITY		**1,496,523**	**955,451**

The financial statements on pages 18 to 47 were approved by the Board of Directors on 31 March 2023 and signed on its behalf by

Anastasiia Bardena, Director

Valentyna Shevchenko, Director

In thousands of US$	Note	As at 31 December 2021	As at 31 December 2020
ASSETS			
Non-current assets			
Furniture, fittings and equipment		1	1
Investments in subsidiary	6	287,029	276,914
Loans receivable	7	1,202,297	302,692
Total non-current assets		**1,489,327**	**579,607**
Current assets			
Loans receivable	7	48,501	-
Interest receivable	7	13,329	9,840
Trade and other receivables		675	15
Cash and cash equivalents	8	1,525	34
Total current assets		**64,030**	**9,889**
TOTAL ASSETS		**1,553,357**	**589,496**
EQUITY			
Share capital	9	78	78
Currency translation reserve		431,984	465,338
Accumulated losses		(1,652,280)	(1,573,240)
TOTAL EQUITY		**(1,220,218)**	**(1,107,824)**
LIABILITIES			
Non-current liabilities			
Borrowings	10	1,877,132	-
Total non-current liabilities		**1,877,132**	**-**
Current liabilities			
Borrowings	10	671,156	1,343,717
Interest payable	10	21,705	149,777
Other payables	11	203,582	203,762
Current income tax payable		-	64
Total current liabilities		**896,443**	**1,697,320**
TOTAL LIABILITIES		**2,773,575**	**1,697,320**
TOTAL LIABILITIES AND EQUITY		**1,553,357**	**589,496**

The financial statements on pages 18 to 47 were approved by the Board of Directors on 31 March 2023 and signed on its behalf by

Company Number: 08422508

Anastasiia Bardeha, Director

Valentyna Shevchenko, Director

In thousands of US$	Share capital	Currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2020	**78**	**(41,114)**	**(146,528)**	**(187,564)**
Loss for the year	-	-	(442,363)	**(442,363)**
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	-	36,225	-	**36,225**
Total other comprehensive income	**-**	**36,225**	**-**	**36,225**
Total comprehensive income/(expense) for the year	**-**	**36,225**	**(442,363)**	**(406,138)**
Balance at 31 December 2020	**78**	**(4,889)**	**(588,891)**	**(593,702)**
Profit for the year	-	-	186,567	**186,567**
Other comprehensive expense				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	-	(16,167)	-	**(16,167)**
Total other comprehensive expense	**-**	**(16,167)**	**-**	**(16,167)**
Total comprehensive (expense)/income for the year	**-**	**(16,167)**	**186,567**	**170,400**
Balance at 31 December 2021	**78**	**(21,056)**	**(402,324)**	**(423,302)**

In thousands of US$	Share capital	Currency translation reserve	Accumulated losses	Total equity
Balance at 31 December 2019	**78**	**324,233**	**(1,139,213)**	**(814,902)**
Loss for the year	-	-	(434,027)	**(434,027)**
Other comprehensive income				
Foreign currency translation	-	141,105	-	**141,105**
Total other comprehensive income	-	**141,105**	-	**141,105**
Total comprehensive income/(expense) for the year	-	**141,105**	**(434,027)**	**(292,922)**
Balance at 31 December 2020	**78**	**465,338**	**(1,573,240)**	**(1,107,824)**
Loss for the year	-	-	(79,040)	**(79,040)**
Other comprehensive expense				
Foreign currency translation	-	(33,354)	-	**(33,354)**
Total other comprehensive expense	-	**(33,354)**	-	**(33,354)**
Total comprehensive expense for the year	-	**(33,354)**	**(79,040)**	**(112,394)**
Balance at 31 December 2021	**78**	**431,984**	**(1,652,280)**	**(1,220,218)**

In thousands of US$	Note	Year ended 31 December 2021	Year ended 31 December 2020
Cash flows from operating activities			
Profit/(Loss) before income tax		186,667	(442,076)
Adjustments for:			
Finance income	4	(361,150)	(136,849)
Finance costs	4	168,569	165,979
Gain on restructuring of loans receivable	7	(337,864)	-
Other income		(143)	(180)
Net change in expected credit loss for loans receivable	7	356,626	377,241
Net foreign exchange (gain)/loss		(14,624)	34,027
Operating cash flows before working capital changes		**(1,919)**	**(1,858)**
Change in other payables and receivables		101	660
Change in income tax payable		(64)	(332)
Cash used in operations		**(1,882)**	**(1,530)**
Interest received		44,257	8,432
Interest paid	10	(23,619)	(339)
Income tax paid		(103)	(534)
Net cash generated from operating activities		**18,653**	**6,029**
Cash flows from investing activities			
Loans granted		(38,235)	(17,110)
Repayment of loans receivable		85,768	18,440
Financial investments made	8	-	(264)
Net cash generated from investing activities		**47,533**	**1,066**
Restructuring costs*	10	(64,404)	(7,640)
Net cash used in financing activities		**(64,404)**	**(7,640)**
Net increase/(decrease) in cash and cash equivalents		**1,782**	**(545)**
Cash and cash equivalents at beginning of the year	8	**127**	**724**
Exchange loss on cash and cash equivalents		(108)	(52)
Cash and cash equivalents at end of the year	8	**1,801**	**127**

** Management recognised the restructuring costs within the financing activity as it more accurately reflects the nature of this type of transactions. The comparative amount of US$ 7,640 thousand was transferred from operating activity to financing. During the restructuring the Group accounted for the non-cash transactions as disclosed in Note 7 and Note 10.*

In thousands of US$	Note	Year ended 31 December 2021	Year ended 31 December 2020
Cash flows from operating activities			
Loss before income tax		(79,040)	(433,963)
Adjustments for:			
Finance income	4	(283,338)	(47,019)
Finance costs	4	167,488	162,353
Gain on restructuring of loans receivable	7	(272,379)	-
Net change in expected credit loss for loans receivable	7	510,468	123,541
Net foreign exchange (gain)/loss		(43,705)	194,765
Operating cash flows before working capital changes		**(506)**	**(323)**
Change in other payables and receivables		(523)	282
Cash used in operations		**(1,029)**	**(41)**
Interest received		44,818	7,154
Interest paid	10	(23,619)	-
Net cash generated from operating activities		**20,170**	**7,113**
Cash flows from investing activities			
Loans granted		(33,922)	(550)
Repayment of loans receivable		79,794	-
Net cash generated from/(used in) investing activities		**45,872**	**(550)**
Cash flows from financing activities			
Transaction costs upon restructuring*	10	(62,110)	(7,202)
Repayment of borrowings	10	(2,275)	-
Net cash used in financing activities		**(64,385)**	**(7,202)**
Net increase/(decrease) in cash and cash equivalents		**1,657**	**(639)**
Cash and cash equivalents at beginning of the year	8	**34**	**678**
Exchange (loss) on cash and cash equivalents		(166)	(5)
Cash and cash equivalents at end of the year	8	**1,525**	**34**

** Management recognised the restructuring costs within the financing activity as it more accurately reflects the nature of this type of transactions. The comparative amount of US$ 7,202 thousand was transferred from operating activity to financing. During the restructuring the Company accounted for the non-cash transactions as disclosed in Note 7 and Note 10.*

1 The Organisation and its Operations

General

The principal activity of DTEK Finance PLC and its subsidiary (the "Group") is to serve as a finance vehicle for DTEK Energy Group ("DTEK Energy").

DTEK Finance PLC is a public limited company incorporated on 27 February 2013 in England and Wales (United Kingdom) through the contribution by DTEK Energy B.V. of 100% of its equity interest. Its registered office is 122 Leadenhall St, Floor 45, EC3V 4AB London, United Kingdom, with the same domicile address. The Company is limited by shares.

DTEK Finance PLC owns 100% of the issued share capital of DTEK Investments Limited (its registered and domicile office is 122 Leadenhall St, Floor 45, EC3V 4AB London, United Kingdom), a company incorporated in England and Wales (United Kingdom). The total amount of the investment as of 31 December 2021 was US$ 287,029 thousand (31 December 2020: US$ 276,914 thousand).

Group structure

The parent company - DTEK Energy B.V. (the "Parent Company") is a private limited liability company incorporated in the Netherlands on 16 April 2009. The Parent Company was formed through the contribution by System Capital Management Limited (SCM ltd.) and InvestCom Services Limited of their 100% equity interest in DTEK Holdings Limited, a Cyprus registered entity and predecessor to the Parent Company. On 19 September 2014 the Parent Company changed its ultimate parent company to DTEK B.V. (the "Ultimate Parent Company"). The Ultimate Parent Company and its subsidiaries ("DTEK Group") are beneficially owned by Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management ("SCM").

Going concern

As at the reporting date the Group had an equity deficit of US$ 423,302 thousand and the Company had an equity deficit of US$ 1,220,218 thousand.

Post balance sheet date, in November 2022 the Company novated rights to its Eurobonds to DTEK Energy and as a result as of the date of the approval of these financial statements the Group and the Company only have a net long-term intercompany payable to DTEK Energy and its undertakings in the amount of US$ 151,506 thousand. Other liabilities are trivial and predominantly represent payroll expenses and consulting expenses.

The Group management prepared a monthly cash flow forecast until December 2024. Based on this forecast, management expects to have sufficient liquidity during the projected period provided that DTEK Energy does not demand the accelerated repayment of the intercompany debt and can procure sufficient funding to meet day-to-day activities. As such the Group's ability to continue as a going concern depends on the continued ability of DTEK Energy's going concern position.

DTEK Energy has committed to provide financial support to the Group and the Company to fund its operations for at least 12 months from the date of approval of these financial statements in the form of letter of support. The directors of the Group and the Company have given full consideration to the ability and financial performance of the DTEK Energy to rely on its funding commitment.

DTEK Energy's business is concentrated in Ukraine where the majority of its revenue is generated. On 24 February 2022 Russia initiated a full-scale military invasion of Ukraine. This was followed by the immediate enactment of martial law by the Ukrainian President's Decree approved by the Parliament of Ukraine and corresponding introduction of related temporary restrictions that impact the economic environment and business operations of DTEK Energy. Since the start of the war, Russia has committed multiple attacks on DTEK Energy 's assets and infrastructure, which have damaged certain producing assets. Nevertheless, DTEK Energy's power producing capacity was largely unaffected and DTEK Energy is still dependent on the ability of the Ukrainian's power grid to transmit the power, which was also negatively affected by the Russian attacks. Although the country experienced lack of capacity in some regions of Ukraine during November 2022-January 2023, since February 2023 the situation started to stabilise.

There is a significant uncertainty resulting from the current situation and over the future development of the military invasion. The current and future developments have a short and long-term impact on DTEK Energy and, also to a lesser extent, on the Group and Company, its people, operations, liquidity, and assets. The outcome of Russia's current military action in Ukraine is uncertain and the potential impacts on DTEK Energy's operations and liquidity are unknown but could be severe.

DTEK Energy and Group management acknowledges that the facts and circumstances described above, in particular the current situation and the future development of military actions, represent material uncertainty, which may cast significant doubt about the DTEK Energy and respectively the Group's, and the Company's ability to continue as a going concern and, therefore, the Group and the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

1 The Organisation and its Operations (continued)

Despite this material uncertainty relating to the war in Ukraine, management is continuing to take actions to minimise the impact on DTEK Energy and the Group, and therefore believes that application of the going concern assumption for the preparation of financial statements for the Group and Company is appropriate. These financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

2 Critical accounting estimates and judgments

The preparation of financial statements requires management to make estimates and judgements that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses for the year. These estimates and assumptions are based on management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience.

Critical accounting judgements:

Expected credit losses of loans receivable (Group and Company) and impairment trigger assessment of the investment in subsidiary (Company)

All the Group's loan receivables are with DTEK Energy subsidiaries. The impairment assessments of the loans receivable and the Company's investment in its subsidiary are linked with the financial position of the entities of DTEK Energy as liquidity management implies maintaining sufficient cash and the flexibility of funding among the entities of DTEK Energy to meet existing external obligations as they fall due. The finalised loan restructuring evidences the absence of pressure on liquidity position as at the reporting date. Accordingly, the following assessments were made:

Investment in subsidiary

The book value of the subsidiary's net assets (mainly loans receivable, which are not impaired and realisable) exceeds the amount of investment on the Company's statement of financial position, therefore the investment in subsidiary (Note 6) was considered as fully recoverable. There is no evidence of an impairment trigger.

Loans receivable

An assessment of the financial position of the companies within the DTEK Energy Group, that are the borrowers of the Group, was performed. Management has noted that the overall cash flows of DTEK Energy entities are positive, based on the key assumptions in the cash flow projections, including further positive developments in government regulations of the electricity market, recovery of generation volumes and prices on day-ahead market at the 2nd half of 2021.

ECL Stage 1 classification

Group management has reviewed the loans receivable terms and noted that there are no overdue receivable balances as at reporting date. Management has taken into account the restructuring process, as a result of which during 2021 a major part of the Group's loan portfolio has changed, loans outstanding upon restructuring in May 2021 were extinguished and replaced by new loans issued from the Group to DTEK Energy B.V. and its Ukrainian entities.

Management has also considered the following forward looking information:

- In February 2022 DTEK Energy finalised the restructuring of the remaining part of bank debt (with Alfa bank).
- The average electricity tariffs for the next 12 months from the reporting date was expected to increase compared to the average actual tariff observed in 2021. This was based on internal management forecasts and recent positive developments on the market.
- During 2022 DTEK Energy and its subsidiaries have been repaying interest on loans receivable balances due to the Group in accordance with the agreed terms.

The military aggression of Russian Federation towards Ukraine was considered to be a non-adjusting post balance sheet event, however, in management's view the geopolitical risk has already been factored into the forward-looking information as at the reporting date.

As a result of the analysis management concluded that as at 31 December 2021 the loans receivable should be classified as Stage 1.

2 Critical accounting estimates and judgments (continued)

Identification of the functional currency

The functional currency of the Company and its subsidiary is UAH. The Group represents the finance vehicle of DTEK Energy, whose primary economic environment is Ukraine. The Company is seen as an extension of the DTEK Energy Group and therefore has the same functional currency as the DTEK Energy Group. As noted above DTEK Energy is highly vulnerable to the volatility of the UAH since the majority of its operating and investing cash flows are denominated in UAH with financing cash flows denominated in foreign currencies. Therefore, the operations of the Group and the Company are predominantly influenced by the UAH. Note 19 provides the sensitivity of the Group and the Company to the volatility of foreign exchange rates.

Critical accounting estimates:

Expected credit losses (ECL) measurement

The Group accounts for financial assets (loans receivable) based on their amortized cost and ECL rates. For all significant debtors and related parties, the calculation of expected credit losses is carried out on the credit spread implicit in the average yield on bonds of similar credit risk companies and adjusted for maturity, risk free rate and liquidity premium. Further details on the ECL calculation are presented in Note 7.

The Group recognises an ECL on its intercompany notes receivable from the DTEK Energy Group. Management has taken into account the restructuring process, as a result of which during 2021 a major part of the Group's loan portfolio has changed, loans outstanding as 31 December 2020 were derecognised and replaced by new loans issued from the Group to DTEK Energy B.V. and remaining amount to Ukrainian entities of DTEK Energy B.V. The new loans were classified as Stage 1 and performing during 2021 with no adverse evidence from forward looking information as at 31 December 2021. Management concluded that the Russian invasion to Ukraine is a non-adjusting subsequent event for the purpose of the ECL calculation.

As a result, management has determined the appropriate ECL rate in amount of 11.44% through analysis of the bond prices of the similar financial instruments (corporate bonds) in active markets which included CCC rated bonds with maturities in 2026-2027 and trading volumes of at least 10% out of the total issue amount. If there was a further 1% increase in credit risk in the next 12 months, then the increase in provision would be US$ 16,670 thousand for Group and US$ 14,112 thousand for Company.

Fair value of Eurobonds and Loans Receivable

As of 17 May 2021, new Eurobonds and loans receivable were initially recorded at a fair value in the amount of US$ 1,464 million and US$ 1,560 million respectively, where a significant estimate was required to determine the fair value of new Eurobonds and loans receivable (Note 10).

3 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with UK- adopted International Accounting Standards. The financial statements have been prepared on the going concern basis.
On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. DTEK Finance plc transitioned to UK-adopted International Accounting Standards in its financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

These financial statements have been prepared under the historical cost convention as modified by the use of fair values to measure certain financial instruments.

Segment reporting

The Company and its subsidiary operate in a single segment and are created to serve as a finance vehicle for DTEK Energy.

Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company and are under common control are considered a related party. In addition, statutory directors, other key management of DTEK Finance PLC or the Ultimate Parent Company and close relatives are regarded as related parties.

Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items which are disclosed in the cash flow statement are comprised of cash and cash equivalents. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Transactions not resulting in the inflow or outflow of cash are not recognised in the cash flow statement. In the statement of cash flows, proceeds from and repayment of borrowings are presented within financing activity and the loans granted to fellow DTEK Energy companies are presented within investing activity.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"), which is Ukrainian Hryvnia (UAH). The consolidated financial statements are presented in US Dollars (US$, "the presentation currency").

Functional currency

Transactions denominated in currencies (USD, EUR, GBP, CHF, others) other than the relevant functional currency are translated into the functional currency, using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation of foreign currency denominated monetary assets and liabilities at year end, are recognised in profit or loss. Translation at year end does not apply to non-monetary items including equity investments.

Presentation currency

The results and financial position of each consolidated entity are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at monthly average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity. All the components of consolidated equity are translated at the closing rate of that balance sheet date, except for retained earnings and share capital, which are stated at historical rates.

The exchange rate used for the revaluation of the statement of financial position from functional to presentation currency currency was 27.278 UAH/USD and 1.1336 EUR/USD as at 31 December 2021 (31 December 2020: 28.275 UAH/USD and 1.2286 EUR/USD). Average exchange rate for 2021 was 27.283 UAH/USD and 1.1839 EUR/USD (2020: 26.964 UAH/USD and 1.1423 EUR/USD).

3 Accounting policies (continued)

The presentation currency is USD as the liabilities (Eurobonds) are nominated in USD, thus helping the potential users in better understanding these financial statements.

Investments in subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Company carries the investments in subsidiaries at cost less any impairment in its separate financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 3 months. Cash and cash equivalents are stated at amortised cost.

Financial instruments

Classification of financial assets. The Group classifies financial assets in the following measurement categories: fair value through profit and loss (FVTPL), fair value through other comprehensive income (FVOCI) and at amortized cost (AC). The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell").

The business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment.

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Initial recognition of financial instruments. The Group's principal financial instruments comprise loans and borrowings, cash and cash equivalents, short-term deposits and financial guarantees. Financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an expected credit losses (ECL) allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

Reclassification of financial assets. Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model.

Impairment of financial assets (credit loss allowance for ECL). The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts and for contract assets. The Group measures ECL and recognises expected credit loss at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL.

3 Accounting policies (continued)

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition.

1) A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 ("performing"). Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity ("12 Months ECL").

2) If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 ("underperforming") and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments ("Lifetime ECL").

3) If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 ("credit-impaired") and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

Modification of financial assets. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial. If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assess where the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

Measurement categories of financial liabilities. Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Derecognition of financial assets. The Group derecognises financial assets when (i) the assets are redeemed or the rights to cash flows from the assets have otherwise expired or (ii) the Group has transferred substantially all the risks and rewards of ownership of the assets or (iii) the Group has neither transferred nor retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Derecognition of financial liabilities. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. While assessing if modification is substantial, management considers both quantitative and qualitative factors. Qualitative factors include change of form of the instrument, interest rate, change in covenants and guarantors. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, are recognised in profit or loss.

Gains and losses on loans provided to related parties. Gains and losses on initial recognition and early repayment as well as unwinding of discount and foreign exchange differences on loans provided to related parties are recognized in profit or loss in the period when incurred.

3 Accounting policies (continued)

Income taxes

Income taxes have been provided for in the financial statements in accordance with United Kingdom legislation enacted or substantively enacted by the reporting date. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case, the tax is also recognised directly in equity or other comprehensive income.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled, or the related deferred income tax asset is realised.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Leases

The Group rents its office premises. These lease contracts are made for 1 year. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Due to the short term of existing lease contracts of the Group and Company, payments associated with them are recognized on a straight-line basis as an expense in profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Borrowings

Borrowings comprise Eurobonds and bank borrowings and are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

Finance income and costs

Finance income and costs comprise interest expense on borrowings, and interest income on loans receivable. All interest and other costs incurred in connection with borrowings are expensed using the effective interest rate method. Interest income is recognised as it accrues, taking into account the effective yield on the asset.

Financial guarantees

Financial guarantees are irrevocable contracts that require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value. This amount is amortised on a straight-line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expected credit losses under IFRS 9.

Changes in presentation in the comparative period

In the Consolidated and the Company Statements of Cash Flows management has recognised the restructuring costs within the financing activity as it more accurately reflects the nature of this type of transactions. The comparative amount of US$ 7,202 thousand was transferred from operating activity to the financing one.

3 Accounting policies (continued)

The following new standard, which does not have a material impact on the Group's financial statements, has been issued and is effective for the current year - *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform* – Phase 2 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021);

The following new standards, which are not relevant or have an immaterial impact on the Group's financial statements, have been issued and will be effective after the current year:

- ***Amendments to IAS 1 Presentation of Financial Statements:*** Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 23 January 2020 and 15 July 2020 respectively and effective for annual periods beginning on or after 1 January 2024);
- ***Amendments to IAS 12 Income Taxes:*** Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023);
- ***Amendments to IFRS 17 Insurance contracts:*** Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023);
- ***Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2:*** Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- ***Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors:*** Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- ***IFRS 17 Insurance Contracts*** (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023); including Amendments to IFRS 17 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023);
- ***Amendments to IFRS 3 Business Combinations;*** IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020 and effective for annual periods beginning on or after 1 January 2022);
- ***Amendments to IFRS 16 Leases:*** Covid-19- Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4 Finance income and costs

Finance income and finance costs of the Group for the year were as follows:

In thousands of US$	Year ended 31 December 2021	Year ended 31 December 2020
Finance income		
Gain on restructuring of Eurobonds*	163,281	-
Discount on recognition of loans payable to related parties	51,662	-
Interest income on loans receivable	146,207	136,845
Interest income on deposit placed	-	4
Total finance income	**361,150**	**136,849**
Interest expense		
- Eurobonds	145,783	149,776
- loans from related parties	21,705	-
- bank borrowings	1,081	3,189
Amortized cost expenses on Eurobonds	-	5,375
Finance expenses attributable to restructuring of borrowings	-	7,640
Total finance costs	**168,569**	**165,979**
Total finance income/(costs), net	**192,581**	**(29,130)**

Finance income and finance costs of the Company for the year were as follows:

In thousands of US$	Year ended 31 December 2021	Year ended 31 December 2020
Finance income		
Interest income on loans receivable	68,396	47,019
Gain on restructuring of Eurobonds*	163,281	-
Discount on recognition of loans payable to related parties	51,662	-
Total finance income	**283,338**	**47,019**
Interest expense		
- Eurobonds issued	145,783	149,776
- loans from related subsidiaries	21,705	-
Amortized cost expenses on Eurobonds issue	-	5,375
Finance expenses attributable to restructuring of borrowings	-	7,202
Total finance costs	**167,488**	**162,353**
Total finance income/(costs), net	**115,850**	**(115,334)**

* *Includes financing costs in amount of US$62 million related to debt restructuring transaction.*

5 General and administrative expenses

General and administrative expenses of the Group for the year were as follows:

In thousands of US$	**Year ended 31 December 2021**	**Year ended 31 December 2020**
Professional fees	519	306
Staff costs, including:	713	954
Wages and salaries	*409*	*512*
Social security costs	*297*	*415*
Other pension costs	*7*	*27*
Related parties fees*	451	414
Audit fees	162	110
Bank charges	74	61
Depreciation	-	13
Total	**1,919**	**1,858**

*The related parties fees consist of the office rent to an entity under common control of SCM. As this is a short-term contract, and the amount considered to be immaterial, management decided to apply the permitted exemptions to IFRS 16 to it.

General and administrative expenses of the Company for the year were as follows:

In thousands of US$	**Year ended 31 December 2021**	**Year ended 31 December 2020**
Professional fees	230	106
Audit fees	76	60
Staff costs, including	94	76
Wages and salaries	*61*	*49*
Social security costs	*33*	*27*
Related parties fees*	55	52
Bank charges	51	29
Total	**506**	**323**

*The related parties fees consist of the office rent to an entity under common control of SCM. As this is a short-term contract, and the amount considered to be immaterial, management decided to apply the permitted exemptions to IFRS 16 to it.

During the year the Group obtained the following services from the Company's auditors:

In thousands of US$	**Year ended 31 December 2021**	**Year ended 31 December 2020**
Fees payable to the Company's auditors for the audit of the Company and consolidated financial statements	76	60
Fees payable to the Company's auditors for other services:		
The audit of the Company's subsidiary	86	50
Total audit services	**162**	**110**
Tax advisory and tax compliance services	127	58
Consulting services on debt restructuring	21	-
Total non-audit services	**148**	**58**
Total	**310**	**168**

6 Investments in subsidiary

The Company owns 100% of the issued ordinary share capital of DTEK Investments Limited, a company incorporated in England and Wales (United Kingdom, Note 1). The investment was originally made in the Company's presentation currency and was retranslated into the functional currency at that time. As this is a non-monetary asset, it is not revalued at the end of each period (in functional currency), thus creating a translation difference when retranslating into the presentation currency. As at 31 December 2021 the total amount of the investment in the presentation currency was US$ 287,029 thousand (as at 31 December 2020: US$ 276,914 thousand). The factors evidencing the absence of impairment triggers of the investment in subsidiary and conclusions are described in Note 2.

In thousands of US$	2021	2020
Opening balance as at 1 January	**276,914**	**330,557**
Foreign currency translation	10,115	(53,643)
Closing balance as at 31 December	**287,029**	**276,914**

7 Loans and interest receivable

As at 31 December, loans and interest receivable of the Group were as follows:

In thousands of US$	2021	2020
Non-current		
Loans granted to related parties	1,394,576	892,059
Total non-current loans receivable	**1,394,576**	**892,059**
Current		
Interest receivable	98,807	62,455
Total current loans and interest receivable	**98,807**	**62,455**

As at 31 December 2021 non-current loans (after discount (below) and provision for ECL) are US$ 1,394,576 thousand issued to companies of DTEK Energy and repayable in 2027 and carrying interest of 8.14% per annum. As at 31 December 2020 the non-current loans (after provision for ECL) were EUR 17,004 thousand (equivalent to US$ 20,891 thousand) and US$ 871,168 thousand issued to the companies of DTEK Energy and repayable in 2026 and carried interest ranging from 8.00% to 11.10% per annum. The principal and interest amounts are payable at any time before the cut-off date at the mutual agreement of parties of the contract.

As at 31 December, loans and interest receivable of the Company were as follows:

In thousands of US$	2021	2020
Non-current		
Loans granted to related parties	1,202,297	302,693
Total non-current loans receivable	**1,202,297**	**302,693**
Current		
Loans granted to related parties	48,501	-
Interest receivable	13,329	9,840
Total current loans and interest receivable	**61,830**	**9,840**

As at 31 December 2021, the Group and the Company applied an expected loss rate of 11.44% (31 December 2020: 31%) for the financial receivables from related parties, which are the only financial instruments represented in the Group's and the Company's balance sheet.

The increase in non-current loans balance of the Group and of the Company represents mainly non-cash movements being recognition of loans from related parties and from subsidiary DTEK Investments Limited for the Company upon restructuring in the amount of US$ 327,104 thousand for Group and US$ 940,963 thousand for Company.

As at 31 December 2021 the current loans for the Company (after discount (see below) and provision for ECL) are US$ 48,501 thousand, which represent the interest-free balances with Company's subsidiary recognized upon the completion of the process for DTEK Energy intragroup restructuring. These balances are payable on demand. The management intends to settle them in full during the year 2022.

The intragroup debt restructuring undertaken by DTEK Energy triggered gain on restructuring of loans receivable at the Group level in the amount of US$ 337,864 thousand and US$ 272,379 thousand on the Company level. The gain comprises of the release of the ECL on the extinguished loans receivable in the amount of US$ 592,627 thousand for Group and US$ 487,577 thousand for Company (see below) and the loss on initial recognition of the new loans receivable at fair value (US$ 254,763 thousand for Group and US$ 215,198 thousand for Company).

7 Loans and interest receivable (continued)

The Group and the Company has also applied the discount to reflect the adherence of the loans granted to related parties to market rate (9.42%, refer to Note 10 for explanation).

The table below represents the influence on different factors which caused the change of ECL for the Group:

In thousands of US$	**Financial receivables as at 2021**	**Financial receivables as at 2020**
Provision for impairment at 1 January	**428,839**	**51,294**
Changes for the year resulted from:		
Derecognition upon restructuring (Note 4)	*(592,627)*	-
ECL Rate (decrease)/growth	(171,925)	371,911
Balance sheet changes	528,551	5,331
Total changes for non-forex factors	*356,626*	*377,242*
Exchange rate difference	(290)	303
Total changes for the year	**(236,291)**	**377,545**
Provision for impairment at 31 December	**192,548**	**428,839**

The table below represents the influence on different factors which caused the change of ECL for the Company:

In thousands of US$	**Financial receivables as at 2021**	**Financial receivables as at 2020**
Provision for impairment at 1 January	**140,412**	**16,871**
Changes for the year resulted from:		
Derecognition upon restructuring (Note 4)	*(487,577)*	-
ECL Rate (decrease)/growth	(88,596)	121,908
Balance sheet changes	599,064	1,633
Total changes for non-forex factors	*510,468*	*123,541*
Total changes for the year	**22,891**	**123,541**
Provision for impairment at 31 December	**163,303**	**140,412**

The details on ECL sensitivity have been provided in Note 2.

In May 2021, the expected credit losses in amount of US$ 592,627 thousand on Group's and in amount of US$ 487,577 thousand of Company's loans receivable was extinguished as part of debt restructuring during 2021. As at 31 December 2021 all financial receivables were classified to Stage 1 (31 December 2020: Stage 2) of the expected credit loss model.

8 Cash and Cash Equivalents

As at 31 December cash and cash equivalents of the Group were denominated in currencies as follows:

In thousands of US$	2021	2020
US$	1,401	29
EUR	40	44
GBP	360	54
Total cash and cash equivalents	**1,801**	**127**

As at 31 December cash and cash equivalents of the Company were denominated in currencies as follows:

In thousands of US$	2021	2020
US$	1,368	13
EUR	9	6
GBP	148	15
Total cash and cash equivalents	**1,525**	**34**

Cash and cash equivalents represent the cash in bank accounts. As at 31 December 2021 and at 31 December 2020 no cash and cash equivalents were restricted in use.

9 Share capital

The authorised share capital of the Company comprises fifty thousand ordinary shares with a nominal value of GBP 1.00 per share (US$1.55086 per share). All issued shares are fully paid. All shares rank equally and have equal voting rights.

10 Borrowings and interest payable

As at 31 December, borrowings of the Group were as follows:

In thousands of US$	2021	2020
Non-current		
Eurobonds	1,503,795	-
Loans from related parties	373,337	-
Total non-current borrowings	**1,877,132**	**-**
Current		
Eurobonds	20,000	1,343,717
Bank borrowings	-	51,199
Interest accrual on Eurobonds	-	149,777
Interest payable on bank borrowings	-	2,633
Interest payable on loans from related parties	22,152	448
Total current borrowings and interest accrual	**42,152**	**1,547,774**

As at 31 December, borrowings of the Company were as follows:

In thousands of US$	2021	2020
Non-current		
Eurobonds	1,503,795	-
Loans from related parties	373,337	-
Total non-current borrowings	**1,877,132**	**-**
Current		
Loans from related parties	651,156	-
Eurobonds	20,000	1,343,717
Interest accrual on Eurobonds	-	149,777
Interest accrual on loans from related parties	21,705	-
Total current borrowings and interest accrual	**692,861**	**1,493,494**

10 Borrowings and interest payable (continued)

Cash and non-cash movements in borrowings of the Group during the financial year were as follows

In thousands of US$	2021	2021 Eurobonds	2021 Bank and other borrowings	2020
Opening balance as at 1 January	**1,547,774**	**1,493,494**	**54,280**	**1,390,036**
Cash movements				
Interest paid during the year	(23,619)	(23,619)	-	(339)
Financial investments made	-	-	-	(264)
Non-cash movements				
Interest accrued during the year	168,569	145,783	22,786	152,965
Discount amortization	-	-	-	5,375
Extinguishment of the old Bonds upon restructuring	(1,555,710)	(1,555,710)	-	-
Recognition of the new Eurobonds and borrowings upon restructuring	1,837,184	1,463,846	373,338	-
Extinguishment on bank loans due to conversion into Eurobonds	(54,914)	-	(54,914)	-
Closing balance as at 31 December	**1,919,284**	**1,523,794**	**395,490**	**1,547,774**

Cash and non-cash movements in borrowings of the Company during the year were as follows

In thousands of US$	2021	2021 Eurobonds	2021 other borrowings	2020*
Opening balance as at 1 January	**1,493,494**	**1,493,494**	**-**	**1,338,342**
Cash movements				
Interest paid during the year	(23,619)	(23,619)	-	-
Repayment of borrowings	(2,275)	-	(2,275)	-
Non-cash movements				
Interest accrued during the year	167,488	145,783	21,705	149,776
Extinguishment of the old Eurobonds upon restructuring	(1,555,710)	(1,555,710)	-	-
Recognition of the new Eurobonds and borrowings upon restructuring	1,837,184	1,463,846	373,338	5,375
Recognition of a loan from subsidiary	653,431	-	653,431	-
Other movements	-	-	-	1
Closing balance as at 31 December	**2,569,993**	**1,523,794**	**1,046,199**	**1,493,494**

**all of the movements are related to Eurobonds*

10 Borrowings and interest payable (continued)

As at 31 December, the Group's borrowings were denominated in the following currencies:

In thousands of US$	2021	2020
US$	1,919,284	1,547,773
Total borrowings	**1,919,284**	**1,547,773**

As at 31 December, the classification of the Group's loans and borrowings was as follows:

In thousands of US$	2021	2020
Loans and borrowings due:		
- within 1 year	42,152	1,547,773
- between 1 and 5 years	1,877,132	-
Total borrowings	**1,919,284**	**1,547,773**

Eurobonds and bank borrowings. On 27 March 2020 DTEK Energy announced that in the context of the increasing concerns around the COVID-19 pandemic, unprecedented financial markets deterioration, and volatility of commodity prices, and their combined impact on the Group and Company's financial position and operations, it was in the process of a debt restructuring with respect to bank indebtedness. Consequently, on 31 March 2020,1 April 2020 and after these dates the Group and the Company did not make a scheduled payment of interest on their bank borrowings and interest coupon due on the Eurobonds, thus entering a default on bank borrowings and the Eurobonds. As a result, bank borrowings and Eurobonds were reclassified as current borrowings as at 31 December 2020.

In May 2021, the Group finalized the restructuring of substantially all of its borrowings and as a result recorded an extinguishment of Eurobonds of US$ 1,556 million and recognized new Eurobonds with fair value at initial recognition of US$ 1,464 million because the differences between the terms of Eurobonds and Bank Borrowings prior to restructuring and the terms of the New Eurobonds were considered substantial by management based on quantitative and qualitative factors, including changes in the covenants, interest rates and in the repayment schedule. Costs relating to the restructuring in the amount of US$ 62 million were expensed and included in finance income as part of the result on restructuring of borrowings. As a result, US$ 163 million gain on Eurobonds restructuring for the Group for the Company was recorded in the financial income and expenses.

Since the restructuring, the Group's new Eurobonds maturing in 2027 were traded on open markets with discount of approximately 30% to their nominal value. However, as trading volumes were low (below 1% out of the total issue amount) and transactions were infrequent, the bonds were not considered by management as being actively traded. Therefore, to estimate the fair value of new Eurobonds at the inception date quoted prices for similar financial instruments (corporate bonds) on in active markets was used (Level 3), which included CCC rated bonds with maturities in 2026-2028 and trading volumes of at least 10% out of the total issue amount, resulting in an effective interest rate for new Eurobonds of 9.42%. If the effective interest rates would be equal to the actual trade prices on DTEK Energy bonds, this would result in US$ 189 million increase in financial gain.

The key terms and conditions that were achieved by the Group and DTEK Energy with the creditors during the restructuring that was finalised in 2021 year are:

- indebtedness under existing loans and Eurobonds was exchanged to the New Notes issued by Company ("New Eurobonds") with the final maturity in 2027 and 7% interest per annum payable quarterly except for 2021 where interest payable is limited to 5% per annum provided that at least 1.5% is paid in cash and the remaining is capitalised ("PIK"); payment schedule for new Eurobonds suggests US$ 20 million payable per annum in semi-annual instalments commencing from June 2022;
- the excess of the average available cash in any semi-annual period over and above US$ 50 million (to be used for discounted buybacks by way of public Dutch Auction; any unused amounts following completion of the Dutch Auction should be used to redeem the New Notes pro rata at par;
- debt guaranteed by DTEK Oil&Gas B.V. was exchanged into the Notes issued by NGD Holdings B.V. ("DOG Notes") in favour of the holders of the existing Eurobonds with the principal amount of US$ 425 million and final maturity in 2026 and 6.75% annual interest payable semi-annually.

.**Covenants.** The New Eurobonds documentation contain specific covenants, including but not limited to limitations on distribution to shareholders, limits on capital expenditure, restrictions on permissible business activities, restriction on certain payments, requirement to perform transactions on an arm's length basis, requirement to make periodic disclosure of financial information, requirements on approval of significant transaction by Independent Supervisory Board Member (including transactions with related parties). Events of default are comprehensive and include cross-default to other debt of DTEK Energy. However, the cross-default clauses in the New Notes excludes existing default in relation to the remaining unrestructured bank borrowings. Following the restructuring the Group and DTEK Energy in general are in compliance with its covenants in relation to the restructured debt at the reporting date.

11 Trade and other payables

As at 31 December, other payables of the Group were as follows:

In thousands of US$	31 December 2021	31 December 2020
Other payables to related parties	67	744
Other payables	474	571
Total	**541**	**1,315**

As at 31 December, trade and other payables of the Company were as follows:

In thousands of US$	31 December 2021	31 December 2020
Payables on demand for investments in subsidiary*	203,225	203,225
Other payables to related parties	26	20
Other payables	331	517
Total	**203,582**	**203,762**

** represents outstanding statutory capital payable to its subsidiary, DTEK Investments Limited (UK)*

12 Management of Capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return on capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net liabilities divided by total capital under management. Net debt is calculated as total borrowings (current and long-term as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital under management equals equity as shown in the consolidated statement of financial position.

As at 31 December 2021 the total net debt and total equity deficit of the Group were US$ 1,917,483 thousand and US$ 423,302 thousand respectively (31 December 2020: US$ 1,547,647 thousand and US$ 593,702 thousand), the net debt to equity ratio was (453) % (31 December 2020: (261) %). As the sole purpose of the Group is to serve as the finance vehicle of DTEK Energy, with its activity focused on the administration of the servicing of DTEK Energy's debt, the management considers this level of debt to equity ratio to be acceptable.

13 Related party balances and transactions

At 31 December the outstanding balances, income and expense items with related parties of the Group were as follows:

In thousands of US$	2021	2020
Interest income (Note 4)	146,207	136,845
Interest expense (Note 4)	21,705	-
Finance expenses attributable to restructuring of borrowings (Note 4)	16,013	2,035
Loans granted and interest accrued (Note 7)	1,493,383	954,414
Loans received and interest accrued (Note 10)	395,489	447
Trade and other payables (Note 11)	67	744
Related parties fees (Note 5)	451	414

At 31 December the outstanding balances, income and expense items with related parties of the Company were as follows:

In thousands of US$	2021	2020
Interest income (Note 4)	68,395	47,019
Finance expenses attributable to restructuring of borrowings (Note 4)	15,461	1,960
Interest expense (Note 4)	21,705	
Loans granted and interest accrued (Note 7), including:	1,264,126	312,533
balance with subsidiary, DTEK Investments Limited (UK)	*48,501*	*9,091*
Loans received and interest accrued (Note 10), including:	1,046,198	-
balance with subsidiary, DTEK Investments Limited (UK)	*651,156*	-
Trade and other payables (Note 11), including:	203,251	203,245
balance with subsidiary, DTEK Investments Limited (UK)	*203,225*	*203,225*
Related parties fees (Note 5)	55	52

Please refer to Note 17 for key management personnel remuneration.

14 Ultimate controlling parties

DTEK Energy B.V., a company registered in the Netherlands, is the immediate parent company and DTEK Group B.V. (formerly – DTEK B.V.), a company registered in the Netherlands, is the ultimate parent company, which is beneficially owned by Mr. Rinat Akhmetov. DTEK Energy B.V. is the parent undertaking of the largest and the smallest group of undertakings to consolidate these financial statements. The annual report is submitted to Dutch Chamber of Commerce and published on London stock exchange: https://www.rns-pdf.londonstockexchange.com/rns/9138Q_1-2022-6-30.pdf

15 Income tax expense

The Group tax expense was as follows:

In thousands of US$	2021	2020
Current income tax expense	100	287
Income tax expense	**100**	**287**

The differences between statutory and actual income tax are explained below:

In thousands of US$	2021	2020
Profit/(Loss) before income tax	186,667	(442,076)
Income tax rate	19%	19%
Income tax at statutory rates	35,467	(83,994)
Tax effect of:		
- Items not deductible or assessable for taxation purposes	(35,367)	84,281
Income tax expense	**100**	**287**

The deferred tax assets for amount of US$ 11,762 thousand are not recognized in the Group Financial Statement (2020: nil) as future recoverability of this asset is uncertain.

The Company tax expense was as follows

In thousands of US$	2021	2020
Current income tax expense	-	64
Income tax expense	**-**	**64**

The differences for the Company are explained below:

In thousands of US$	2021	2020
(Loss) before income tax	(79,040)	(433,963)
Income tax rate	19%	19%
Income tax at statutory rates	(15,018)	(82,453)
Tax effect of:		
- Items not deductible or assessable for taxation purposes	15,018	82,517
Income tax expense	**-**	**64**

The deferred tax assets for amount of US$ 4 244 thousand are not recognized in the Company's financial statements (2020: nil) as future recoverability of this asset is uncertain.
An increase in the UK corporation tax rate to 25% on profits over £250,000 from 1 April 2023 was announced in the UK budget in March 2021. These changes were substantively enacted in May 2021. The rate of 19% was applied to all the taxable profits of the Group, and will remain unchanged until March 31st 2023. From 1 April 2023, this rate will cease to apply and will be replaced by variable rates ranging from 19% to 25%.

16 Personnel

The monthly average number of employees of the Group and the Company in 2021 were 6 and 3 respectively. (2020: 6 and 3 respectively). The numbers include directors. All of the employees belong to administrative staff. The amount of salary and taxes paid to personnel is disclosed in Note 5.

17 Directors' remuneration

During 2021, the remuneration of the directors consisted of the salary in the amount of US$ 333 thousand (2020: US$ 341 thousand), payable to Johan Bastin. Maksym Timchenko provides management services to both the ultimate parent and DTEK Finance PLC. The remuneration of Maksym Timchenko is paid by other DTEK companies and it is not possible to make an accurate apportionment of his remuneration in respect of each of the companies. Accordingly, the above details include no remuneration in respect of Maksym Timchenko. His total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of the ultimate parent company. There were no post-employment or other long term benefits for directors.

18 Contingent liabilities

The Group together with other subsidiaries of DTEK Energy has given guarantees in respect of the bank borrowings and available credit limits of fellow subsidiaries and affiliates, which amounted to UAH 359,366 thousand (equivalent to US$ 13,089 thousand) at 31 December 2021 (at 31 December 2020: EUR 73,242 thousand, US$ 103,199 thousand, CHF 20,317 thousand and UAH 365,421 thousand). The amount of borrowings, including interest due, recorded on a balance sheet of fellow subsidiaries amounted to equivalent of US$ 11,787 thousand at 31 December 2021 (at 31 December 2020: US$ 169,242 thousand). As at 31 December 2021 and 2020, management estimates that the fair value of these guarantees and the amount of expected credit losses is immaterial to the financial statements and therefore those are not recognised.

19 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

Credit risk. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The maximum consolidated exposure of credit risk of the Group is shown in the table below:

In thousands of US$	**31 December 2021**	**31 December 2020**
Loans receivable (Note 7)	1,829,520	1,292,842
Interest receivable (Note 7)	111,570	90,516
Cash and cash equivalents (Note 8)	1,801	127
Total	**1,942,891**	**1,383,485**

The maximum consolidated exposure of credit risk of the Company is shown in the table below:

In thousands of US$	**31 December 2021**	**31 December 2020**
Loans receivable (Note 7)	1,627,597	438,685
Interest receivable (Note 7)	15,050	14,262
Cash and cash equivalents (Note 8)	1,525	34
Total	**1,644,172**	**452,981**

The financial assets are disclosed at a gross carrying amount (before provision for ECL).

As at 31 December 2021 cash and cash equivalents of the Group of US$ 1,617 thousand were placed in banks rated by Moody's Investors Service as A3, US$ 184 thousand were placed in banks rated by Moody's Investors Service as B1.

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity investments, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The Company's and its subsidiary's functional currency is Ukrainian Hryvnia and accordingly its exposure to foreign currency risk is determined mainly by borrowings, cash balances and deposits, which are denominated in or linked to US$, EUR and GBP. Increasing domestic uncertainty, led to volatility in the currency exchange market and resulted in significant downward pressure on the Ukrainian Hryvnia relative to major foreign currencies.

The following tables present sensitivities of profit or loss and equity before tax to reasonably possible changes in exchange rates applied at the balance sheet date relative to the functional currency. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group.

	At 31 December 2021		**At 31 December 2020**	
In thousands of US$	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
US$ strengthening by 10% (2020: 10%)	(42,334)	(42,334)	(46,132)	(46,132)
US$ weakening by 10% (2020: 10%)	42,334	42,334	46,132	46,132
Euro strengthening by 10% (2020: 10%)	(4)	(4)	2,016	2,016
Euro weakening by 10% (2020: 10%)	4	4	(2,016)	(2,016)
GBP strengthening by 10% (2020: 10%)	18	18	(20)	(20)
GBP weakening by 10% (2020: 10%)	(18)	(18)	20	20

19 Financial Risk Management (continued)

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Company.

	At 31 December 2021		At 31 December 2020	
In thousands of US$	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
US$ strengthening by 10% (2020: 10%)	(19,646)	(19,646)	(110,775)	(110,775)
US$ weakening by 10% (2020: 10%)	19,646	19,646	110,775	110,775
EUR strengthening by 10% (2020: 10%)	(1)	(1)	1	1
EUR weakening by 10% (2020: 10%)	1	1	(1)	(1)
GBP strengthening by 10% (2020: 10%)	74	74	(8)	(8)
GBP weakening by 10% (2020: 10%)	(74)	(74)	8	8

Interest rate risk. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable interest rates expose the Group to interest rate risk. Borrowings at fixed rate expose the Group to fair value interest rate risk.

The Group's exposure to fixed or variable rates is determined at the time of issuing new debt. Management uses its judgment to decide whether fixed or variable rates would be more favourable to the Group over the expected period until maturity. The key objectives to financing is a reduction of borrowing costs, matching the currency of borrowings with the currency of proceeds from operating activities, and agreeing the maturity profile of borrowings with liquidity needs.

The maturity dates and interest rates of financial instruments are disclosed in Note 10. Re-pricing for fixed rate financial instruments occurs at maturity of fixed rate financial instruments. Re-pricing of floating rate financial instruments occurs continually.

Liquidity risk. Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding to meet existing obligations as they fall due.
The following table analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are undiscounted cash flows.

The maturity analysis of financial liabilities of the Group at 31 December 2021 is as follows:

In thousands of US$	Up to 6 months and on demand	6 -12 months	1 - 2 years	2 - 5 years	Total
Liabilities					
Eurobonds	68,856	68,506	135,962	2,091,452	2,364,776
Loans from related parties	-	22,152	-	425,000	447,152
Trade and other payables (Note 11)	541	-	-	-	541
Total future payments, including future principal and interest payments	**69,397**	**90,658**	**135,962**	**2,516,452**	**2,812,469**

19 Financial Risk Management (continued)

The maturity analysis of financial liabilities of the Group at 31 December 2020 is as follows:

In thousands of US$	Up to 6 months and on demand	6 -12 months	Total
Liabilities			
Eurobonds	1,957,432	-	1,957,432
Bank borrowings	58,574	-	58,574
Loans from related parties	-	447	447
Trade and other payables (Note 11)	1,315	-	1,315
Total future payments, including future principal and interest payments	**2,017,321**	**447**	**2,017,768**

The maturity analysis of financial liabilities of the Company at 31 December 2021 is as follows:

In thousands of US$	Up to 6 months and on demand	6 -12 months	1 - 2 years	2 - 5 years	Total
Liabilities					
Eurobonds	68,856	68,506	135,962	2,091,452	2,364,776
Loans from related parties	672,861			425,000	1,097,861
Trade and other payables (Note 11)	203,582	-	-	-	203,582
Total future payments, including future principal and interest payments	**945,299**	**68,506**	**135,962**	**2,516,452**	**3,666,219**

The maturity analysis of financial liabilities of the Company at 31 December 2020 is as follows:

In thousands of US$	Up to 6 months and on demand	Total
Liabilities		
Eurobonds	1,957,432	1,957,432
Trade and other payables (Note 11)	203,469	203,469
Total future payments, including future principal and interest payments	**2,160,901**	**2,160,901**

20 Fair value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. Management has used all available market information in estimating the fair value of financial instruments.

Financial instruments carried at fair value. Fair values were determined based on quoted market prices or third party valuations using discounted cash flows techniques.

Financial assets carried at amortised cost. All of the Group's financial assets are carried at amortised cost using the effective interest method. These assets are not measured at fair value in the balance sheet, but for these instruments, the fair values are not materially different to their carrying amounts, since the interest receivable is either close to current market rates or the instruments are short-term in nature.

Liabilities carried at amortised cost. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid. The estimated fair values of the financial liabilities are summarised in the table below. Carrying amounts of trade and other payables approximate fair values.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs).

Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

20 Fair value of Financial Instruments (continued)

Assets and liabilities not measured at fair value but for which fair value is disclosed

For financial assets, management has concluded that there is no material difference in the carrying value of loans granted to related parties and associated interest receivable (Note 7), and the fair value of these assets. For financial liabilities, management has concluded that there is no material difference in the carrying value (after recognition of the ECL) of loans payable to related parties and associated interest payable (Note 10), and the fair value of these liabilities.

Fair values analysed by level in the fair value hierarchy of liabilities of the Group not measured at fair value are as follows:

	31 December 2021		31 December 2020	
In thousands of US$	Level 3*	Carrying value	Level 2	Carrying value
Financial liabilities				
Eurobonds (Note 10)	1,476,300	1,523,795	785,470	1,343,717
Borrowings and interest accrual (Note 10)	-	-	119,020	203,609
TOTAL LIABILITIES	**1,476,300**	**1,523,795**	**904,490**	**1,547,326**

Fair values analysed by level in the fair value hierarchy of assets and liabilities of the Company not measured at fair value are as follows:

	31 December 2021		31 December 2020	
In thousands of US$	Level 3*	Carrying value	Level 2	Carrying value
Financial liabilities				
Eurobonds(Note 10)	1,476,300	1,523,795	785,470	1,343,717
Interest accrual on Eurobonds (Note 10)	-	-	87,552	149,777
TOTAL LIABILITIES	**1,476,300**	**1,523,795**	**873,022**	**1,493,494**

The description of valuation technique used in the fair value measurement for level 3 measurements for Group:

	Fair value level 3			
In thousands of US$	2021*	2020	Valuation technique	Inputs used
Financial liabilities				
Eurobonds (Note 10)	1,476,300	785,470	Market approach	Similar financial instruments*
Borrowings and interest accrual (Note 10)	-	119,020	Market approach	Market quotes on DTEK Eurobonds
TOTAL LIABILITIES	**1,476,300**	**904,490**		

** As of 31 December 2021 management considers that there is no active market for the new Eurobonds issued and therefore current market yields cannot be used as a benchmark for fair value determination. To estimate the fair value of new Eurobonds at 31 December 2021 the quoted prices for similar financial instruments (corporate bonds) on active markets were used (Level 3), which included CCC rated bonds with maturities in 2026-2028 and trading volumes of at least 10% out of the total issue amount, resulting in an estimation of the effective interest rate for the Eurobonds of 10.11%*

21 Subsequent events

On 24 February 2022, Russian forces commenced an invasion of Ukraine resulting in a full-scale warfare across the Ukrainian state, in response to which the Government of Ukraine declared martial law. It is described in Note 1 that DTEK Energy experienced a number of challenges and disruptions as a result of this invasion, and accordingly management concluded on the abovementioned material uncertainty on ability of the Group and the Company to continue as a going concern.

On 16th February 2022 the Company's subsidiary has announced the payment of a dividend to the Company in amount of US$ 800,000 thousand. However, these dividends were cancelled in full in November 2022 as the subsidiary did not have sufficient distributable reserves to be able to pay the dividend.

In November 2022 the Company made a repurchase of Eurobonds in the amount of US$ 154,343 thousand. Also, in November 2022 the Company has made the Eurobonds transfer to parent company DTEK Energy B.V. in exchange for partial setting-off of the intercompany loan receivable. As at the date of approval of these financial statements it was not possible to make an estimate of the impact of these transactions.