DTEK Finance PLC

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2022

Company Number: 08422508

(Consolidates the accounts of the subsidiary company DTEK Investments Limited, Company Number 08422516)

DTEK Finance PLC

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COMPANY INFORMATION

DIRECTORS	Marianna Logachova (appointed on 25 July 2023) Valentyna Shevchenko Anastasiia Bardeha (resigned on 24 July 2023)
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 2022 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 investing activities with DTEK Energy companies.

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, 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.

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. However, the situation continues to be tense, it has an impact not only on the Ukrainian but also on the international economy, and its further impact and duration is difficult to predict and quantify. During October 2022-February 2023, Russia committed multiple acts of terrorism against civilian and critical infrastructure facilities throughout Ukraine, including the Group's energy enterprises. Power engineers are constantly assessing the damages and conducted repair works, however there was a lack of capacity in some regions of Ukraine during November 2022-February 2023, while the situation with capacity started to stabilize since end of February 2023. Energy enterprises including DTEK Energy started a repair campaign to recover as much damaged equipment as possible to be able to meet the demand of winter period 2023/2024. In early June 2023 Ukraine launched another substantial counteroffensive against Russian forces with a long-term goal of breaching the frontlines, with efforts made in several directions, primarily in Donetsk and Zaporizhzhia regions. Russia continued to attack the civil infrastructure, specifically targeting to damage the Ukrainian sea and Danube ports facilities since pulling out of the Black Sea grain deal in July 2023, which temporarily decreased the Ukraine's export abilities.

In February 2022 DTEK Energy finalised the restructuring of the remaining part of its bank debt.

Group Update

The Group obtained 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 the amount of US$ 154,343 thousand. Also, in November 2022 the Company transferred the Eurobonds to parent company DTEK Energy B.V. in exchange for partial setting-off of the intercompany loan receivable (Note 10), resulting in gain in the amount of US$ 483,386 thousand.

Results

The results of the Group show a profit for the year ended 31 December 2022, amounting to US$ 157,002 thousand (for the year ended 31 December 2021: profit US$ 186,567 thousand). The results of the Company show a loss for the year ended 31 December 2022 amounting to US$ 112,342 thousand (for the year ended 31 December 2021: loss US$ 79,040 thousand). The changes in result of the Group and the Company were mainly due to net foreign exchange loss. As of 31 December 2022 the Group had an equity deficit of US$ 149,395 thousand (31 December 2021: deficit US$ 423,302 thousand) and the Company had an equity deficit of US$ 998,257 thousand (31 December 2021: deficit US$ 1,220,218 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.

The 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 2022 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 in Ukraine deteriorated at the end of 2021 and continued further deteriorating in 2022 as a result of Russia full-scale invasion of Ukraine. Escalating political tensions had an adverse effect on the Ukrainian financial markets, including DTEK Energy's bonds. This also has contributed to a devaluation of the Hryvnia against major currencies in January-February 2022. The further fixation of USD/UAH rate by National Bank of Ukraine is represented further in these financial statements.

Since October 2022 Russia started to target with missile and combat drones energy infrastructure all over Ukraine including DTEK Energy's assets, causing its destruction, injuries and deaths of employees 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 its further impact and duration is difficult to predict and quantify. DTEK Energy management takes all steps possible to mitigate negative effects including relocation of employees where possible production facilities, installation of protective barriers near generation assets etc.

Regulatory risks:

Since the launch of 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 of the launch of 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";
- Restrictions on coal and electricity export;
- Lack of government subsidies for using alternative expensive fuel (natural gas).

During 2019-2022, DTEK Energy faced problems receiving payments from the state company Energorynok SE. The following measures were implemented inter alia in order to manage this risk – initiation before different state bodies and regulators the necessity to repay or offset of the debt of Energorynok SE.

DTEK Energy 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 2022 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 ability of the Group and the Company to 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 26.6% for 2022 (2021: 10.0%) according to the statistics published by the National Bank of Ukraine. 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 and remained the same level until September 2023.

With regard to currency risk, the national currency of Ukraine, hryvnia, had high volatility during the recent years and it has weakened in 2022. As a result, DTEK Energy and the Group and the Company received forex losses mainly on financing activities. DTEK Energy strives to reduce short open foreign currency balance position arisen 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: the 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 2022. Magnitude and likelihood of this risk has increased as a result of missile attacks by Russia since the start of the war. 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. Cybersecurity was under the focus of DTEK Energy long prior to the war and continues to be during the war.

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 2022. In particular, we refer to:

- ***Likely consequences of any decision in the long term:*** the Group and Company's management purpose is to conduct the investing activities with DTEK Energy companies, 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.

- ***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).

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 DTEK Energy companies.

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 2022, DTEK Energy continued implementing its long-term strategy, aimed to establishment of Ukrainian electricity market model and continuous supply of electricity to Ukrainian energy system.

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

Taking into account uncertainties in 2022 and depending on the developments of the war, DTEK Energy expects to focus on the following key areas in 2023:

- Further improve operational efficiency;
- Further increase of physical security of its assets, including from the missiles attacks;
- Service borrowing according to its terms and optimize liquidity management;
- Support further establishment of new Ukraine electricity market model;
- Maintaining the potential of production facilities (personnel, equipment, infrastructure);
- Investing in human resources including education and trainings of personnel in order to develop technical and soft skills;
- 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 nearest period.

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 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.

Interaction with stakeholders is an important component of sustainable development. DTEK Energy adheres to the principle of information transparency and provides stakeholders with full information about its activities. Partnerships and constructive dialogue are conducted on a systematic basis, which allows timely receipt of information about the interests and expectations of stakeholders.

Post balance sheet events

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

On behalf of the board

Marianna Logachova, Director

24 October 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 2022.

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) under the company number 08422516. The total amount of the investment as of 31 December 2022 was US$ 214,108 thousand (31 December 2021: US$ 287,029 thousand). The decrease 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 Investments Limited (registered address: 122 Leadenhall St, Floor 45, EC3V 4AB London, United Kingdom. Registration number: 08422516) is exempt from the requirement of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006. This is because DTEK Finance PLC has given a guarantee under section 479C in respect of the year ended 31 December 2022 in virtue of this section to not have its individual accounts audited as they are included in this set of consolidated accounts.
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 Group B.V. (the "Ultimate Parent Company"). Starting 12 April 2021 DTEK Energy B.V. is directly owned by DTEK ENERGY HOLDINGS B.V., a private limited liability company incorporated on this date, domiciled in the Netherlands, and is owned by 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 conduct the investing activities with DTEK Energy Group ("DTEK Energy") companies.

Outlook

Taken together, 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 February 2022 DTEK Energy finalised the restructuring of remaining part of bank debt.

During April-November 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. The future developments are outlined in Strategic report.

Going concern

As at the reporting date the Group had an equity deficit of US$ 149,395 thousand and the Company had an equity deficit of US$ 998,257 thousand.
In November 2022 the Company transferred the Eurobonds to DTEK Energy B.V. and as a result the Group and the Company only have a net long-term intercompany payable to DTEK Energy B.V. and its undertakings in the amount of US$ 402,924 thousand as of 31 December 2022. Other liabilities are trivial and predominantly represent income tax payable, 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. Energy enterprises including DTEK Energy started a repair campaign to recover as much damaged equipment as possible to be able to meet the demand of winter period 2023/2024. In early June 2023 Ukraine launched another substantial counteroffensive against Russian forces with a long-term goal of breaching the frontlines, with efforts made in several directions, primarily in Donetsk and Zaporizhzhia regions. Russia continued to attack the civil infrastructure, specifically targeting to damage the Ukrainian sea and Danube ports facilities since pulling out of the Black Sea grain deal in July 2023, which temporarily decreased the Ukraine's export abilities.

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. Financial risks are explained in Note 19 to the financial statements.

Results and dividends

The consolidated profit of DTEK Finance PLC and its subsidiary (the "Group") for the year ended 31 December 2022 amounted to US$ 157,002 thousand (for the year ended 31 December 2021: loss US$ 186,567 thousand). On 16th February 2022 the Company's subsidiary has announced the payment of a dividend to the Company in the 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.

Subsequent events

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

Directors

Directors of the Company up to 5 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 5 April 2022 and appointed Anastasiia Bardeha and Valentyna Shevchenko as new directors with effect from 6 April 2022. The Company has accepted the resignation of Anastasiia Bardeha and the appointment of Marianna Logachova on 25 July 2023.

There were no qualifying third-party indemnity provisions in place for the directors for the year ended 31 December 2022.

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 2022.

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.

On behalf of the board

Marianna Logachova, Director

Valentyna Shevchenko, Director

24 October 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.

Marianna Logachova, Director

24 October 2023

Valentyna Shevchenko, Director

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 2022 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 2022; 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, 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 responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 2022 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 that the principal risks of non-compliance with laws and regulations related to compliance with the Companies Act 2006 and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 posting inappropriate journal entries and management bias in accounting estimates, particularly related to the determination of impairment provisions against loans receivable and associated interest receivable balances. 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 impairment of loans receivable and associated interest;
- 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; and
- 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.

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
27 October 2023

DTEK Finance PLC
Consolidated Statement of Comprehensive Income

In thousands of US$	**Note**	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Finance income	4	258,746	361,150
Finance costs	4	(164,958)	(168,569)
Gain on restructuring of loans receivable	7	-	337,864
Gain on derecognition of Eurobonds	7	364,550	-
Change in expected credit losses	7	(176,567)	(356,626)
Other (expenses)/income		(621)	143
General and administrative expenses	5	(1,581)	(1,919)
Net foreign exchange (loss)/gain		(114,457)	14,624
Profit before income tax		**165,112**	**186,667**
Income tax expense	15	(8,110)	(100)
Profit for the year		**157,002**	**186,567**
Other comprehensive income/(expense)			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation		116,905	(16,167)
Total other comprehensive income/(expense)		**116,905**	**(16,167)**
Total comprehensive income for the year		**273,907**	**170,400**

DTEK Finance PLC
Company Statement of Comprehensive Income

In thousands of US$'	Note	Year ended 31 December 2022	Year ended 31 December 2021
Finance income	4	237,789	283,338
Finance costs	4	(164,958)	(167,488)
Gain on restructuring of loans receivable	7	-	272,379
Gain on derecognition of Eurobonds	7	364,550	-
Change in expected credit losses	7	(142,412)	(510,468)
General and administrative expenses	5	(424)	(506)
Other expenses		(621)	-
Net foreign exchange (loss)/gain		(406,266)	43,705
Loss before income tax		**(112,342)**	**(79,040)**
Income tax expense	15	-	-
Loss for the year		**(112,342)**	**(79,040)**
Other comprehensive income/(expense)			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation		334,303	(33,354)
Total other comprehensive income/(expense)		**334,303**	**(33,354)**
Total comprehensive income/(expense)for the year		**221,961**	**(112,394)**

In thousands of US$	Note	As at 31 December 2022	As at 31 December 2021
ASSETS			
Non-current assets			
Furniture, fittings and equipment		-	1
Loans receivable	7	203,884	1,394,576
Total non-current assets		**203,884**	**1,394,577**
Current assets			
Interest receivable	7	57,538	98,807
Other receivable		747	1,338
Cash and cash equivalents	8	198	1,801
Total current assets		**58,483**	**101,946**
TOTAL ASSETS		**262,367**	**1,496,523**
EQUITY			
Share capital	9	78	78
Currency translation reserve		95,849	(21,056)
Accumulated losses		(245,322)	(402,324)
TOTAL EQUITY		**(149,395)**	**(423,302)**
LIABILITIES			
Non-current liabilities			
Borrowings	10	371,156	1,877,132
Total non-current liabilities		**371,156**	**1,877,132**
Current liabilities			
Borrowings	10	-	20,000
Interest payable	10	31,768	22,152
Trade and other payables	11	945	541
Current income tax payable		7,893	-
Total current liabilities		**40,606**	**42,693**
TOTAL LIABILITIES		**411,762**	**1,919,825**
TOTAL LIABILITIES AND EQUITY		**262,367**	**1,496,523**

The financial statements on pages 13 to 42 were approved by the Board of Directors on 24 October 2023 and signed on its behalf by

Marianna Logachova, Director

Valentyna Shevchenko, Director

DTEK Finance PLC
Company Statement of Financial Position

In thousands of US$	Note	As at 31 December 2022	As at 31 December 2021
ASSETS			
Non-current assets			
Furniture, fittings and equipment		-	1
Investments in subsidiary	6	214,108	287,029
Loans receivable	7	43,538	1,202,297
Total non-current assets		**257,646**	**1,489,327**
Current assets			
Loans receivable	7	-	48,501
Interest receivable	7	189	13,329
Trade and other receivables		729	675
Cash and cash equivalents	8	81	1,525
Total current assets		**999**	**64,030**
TOTAL ASSETS		**258,645**	**1,553,357**
EQUITY			
Share capital	9	78	78
Currency translation reserve		766,287	431,984
Accumulated losses		(1,764,622)	(1,652,280)
TOTAL EQUITY		**(998,257)**	**(1,220,218)**
LIABILITIES			
Non-current liabilities			
Borrowings	10	371,156	1,877,132
Total non-current liabilities		**371,156**	**1,877,132**
Current liabilities			
Borrowings	10	651,055	671,156
Interest payable	10	31,321	21,705
Other payables	11	203,370	203,582
Total current liabilities		**885,746**	**896,443**
TOTAL LIABILITIES		**1,256,902**	**2,773,575**
TOTAL LIABILITIES AND EQUITY		**258,645**	**1,553,357**

The financial statements on pages 13 to 42 were approved by the Board of Directors on 24 October 2023 and signed on its behalf by

Marianna Logachova, Director

Valentyna Shevchenko, Director

Company Number: 08422508

DTEK Finance PLC
Consolidated Statement of Changes in Equity

In thousands of US$	Share capital	Currency translation reserve	Accumulated losses	Total equity
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)**
Profit for the year	-	-	157,002	**157,002**
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	-	116,905	-	**116,905**
Total other comprehensive income	**-**	**116,905**	**-**	**116,905**
Total comprehensive income for the year	**-**	**116,905**	**157,002**	**273,907**
Balance at 31 December 2022	**78**	**95,849**	**(245,322)**	**(149,395)**

DTEK Finance PLC
Company Statement of Changes in Equity

In thousands of US$	Share capital	Currency translation reserve	Accumulated losses	Total equity
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)**
Loss for the year	-	-	(112,342)	**(112,342)**
Other comprehensive income				
Foreign currency translation	-	334,303	-	**334,303**
Total other comprehensive income	-	**334,303**	-	**334,303**
Total comprehensive income/(expense) for the year	-	**334,303**	**(112,342)**	**221,961**
Balance at 31 December 2022	**78**	**766,287**	**(1,764,622)**	**(998,257)**

DTEK Finance PLC
Consolidated Statement of Cash Flows

In thousands of US$	**Note**	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Cash flows from operating activities			
Profit before income tax		165,112	186,667
Adjustments for:			
Finance income	4	(258,746)	(361,150)
Finance costs	4	164,958	168,569
Gain on restructuring of loans receivable	7	-	(337,864)
Gain on derecognition of Eurobonds	7	(364,550)	
Other expenses/(income)		621	(143)
Net change in expected credit loss for loans receivable	7	176,567	356,626
Net foreign exchange (gain)/loss		114,457	(14,624)
Operating cash flows before working capital changes		**(1,581)**	**(1,919)**
Change in other payables and receivables		(517)	37
Cash used in operations		**(2,098)**	**(1,882)**
Interest received		163,374	44,257
Interest paid	10	(99,833)	(23,619)
Income tax paid		-	(103)
Net cash generated from operating activities		**61,443**	**18,653**
Cash flows from investing activities			
Loans granted		-	(38,235)
Repayment of loans receivable		1,200	85,768
Net cash generated from investing activities		**1,200**	**47,533**
Repayment of borrowings	10	(64,201)	-
Transaction costs upon restructuring*	10	-	(64,404)
Net cash used in financing activities		**(64,201)**	**(64,404)**
Net (decrease)/increase in cash and cash equivalents		**(1,558)**	**1,782**
Cash and cash equivalents at beginning of the year	8	**1,801**	**127**
Exchange loss on cash and cash equivalents		(45)	(108)
Cash and cash equivalents at end of the year	8	**198**	**1,801**

** Management recognised the restructuring costs within the financing activity as it more accurately reflects the nature of this type of transactions. During the Eurobonds novation in 2022 and restructuring in 2021 the Company accounted for the non-cash transactions as disclosed in Note 7 and Note 10.*

DTEK Finance PLC
Company Statement of Cash Flows

In thousands of US$	Note	Year ended 31 December 2022	Year ended 31 December 2021
Cash flows from operating activities			
Loss before income tax		(112,342)	(79,040)
Adjustments for:			
Finance income	4	(237,789)	(283,338)
Finance costs	4	164,958	167,488
Gain on restructuring of loans receivable	7		(272,379)
Gain on derecognition of Eurobonds	7	(364,550)	
Other expenses		621	-
Net change in expected credit loss for loans receivable	7	142,412	510,468
Net foreign exchange loss/(gain)		406,266	(43,705)
Operating cash flows before working capital changes		**(424)**	**(506)**
Change in other payables and receivables		(678)	(523)
Cash used in operations		**(1,102)**	**(1,029)**
Interest received		121,832	44,818
Interest paid	10	(99,833)	(23,619)
Net cash generated from operating activities		**20,897**	**20,170**
Cash flows from investing activities			
Loans granted		-	(33,922)
Settlement for unpaid shares to subsidiary		(620)	-
Repayment of loans receivable		42,600	79,794
Net cash generated from investing activities		**41,980**	**45,872**
Cash flows from financing activities			
Transaction costs upon restructuring	10	-	(62,110)
Repayment of borrowings	10	(64,301)	(2,275)
Net cash used in financing activities		**(64,301)**	**(64,385)**
Net (decrease)/increase in cash and cash equivalents		**(1,424)**	**1,657**
Cash and cash equivalents at beginning of the year	8	**1,525**	**34**
Exchange loss on cash and cash equivalents		(20)	(166)
Cash and cash equivalents at end of the year	8	**81**	**1,525**

** Management recognised the restructuring costs within the financing activity as it more accurately reflects the nature of this type of transactions. During the Eurobonds novation in 2022 and restructuring in 2021 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 conduct the investing activities with the DTEK Energy Group ("DTEK Energy") companies.

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 2022 was US$ 214,108 thousand (31 December 2021: US$ 287,029 thousand). DTEK Investments Limited (registered address: 122 Leadenhall St, Floor 45, EC3V 4AB London, United Kingdom. Registration number: 08422516) is exempt from the requirement of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006. This is because DTEK Finance PLC has given a guarantee under section 479C in respect of the year ended 31 December 2022 in virtue of this section to not have its individual accounts audited as they are included in this set of consolidated accounts.

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$ 149,395 thousand and the Company had an equity deficit of US$ 998,257 thousand.

In November 2022 the Company transferred the Eurobonds to DTEK Energy B.V. and as a result the Group and the Company only have a net long-term intercompany payable to DTEK Energy B.V. and its undertakings in the amount of US$ 402,924 thousand as of 31 December 2022. Other liabilities are trivial and predominantly represent income tax payable, 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 provides 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. Energy enterprises including DTEK Energy started a repair campaign to recover as much damaged equipment as possible to be able to meet the demand of winter period 2023/2024. Energy enterprises including DTEK Energy started a repair campaign to recover as much damaged equipment as possible to be able to meet the demand of winter period 2023/2024. In early June 2023 Ukraine launched another substantial counteroffensive against Russian forces with a long-term goal of breaching the frontlines, with efforts made in several directions, primarily in Donetsk and Zaporizhzhia regions. Russia continued to attack the civil infrastructure, specifically targeting to damage the Ukrainian sea and Danube ports facilities since pulling out of the Black Sea grain deal in July 2023, which temporarily decreased the Ukraine's export abilities.

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.

1 The Organisation and its Operations (continued)

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.

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 and recovery of generation volumes.

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 loans restructuring process, as a result of which during 2022 a major part of the Group's loan portfolio has changed, loans outstanding upon restructuring in November 2022 were exchanged for transfer of the Bonds indebtedness.

Management has also considered the following forward looking information:

- The situation with capacity losses due to Russian attacks started to stabilize since end of February 2023;
- The average electricity tariffs for the next 12 months from the reporting date are expected to approximate the actual observed tariff in 2nd half of 2022. This was based on internal management forecasts and recent positive developments on the market;
- No losses from non-payment by the main customers and return of accounts receivable days to a pre-war levels by the end of projection period.

As a result of the analysis management concluded that as at 31 December 2022 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 the period ended 31 December 2021, 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. For the period ended 31 December 2022, as a result of significant speculative influence on individual counterparties' bonds yields and consequent distortion of default rate, calculated on their basis, the Group changed the approach in determination of default rate of customers, according to which ECL rate is calculated based on default rates corresponding to Fitch credit rating set for country of counterparty's operations or a counterparty where relevant and adjusted for weighted average loss given default determined according to Fitch recovery rates or the European Banking Authority if Fitch recovery rate is unavailable. 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.

The management has determined the appropriate ECL rate for the year ended 31 December 2022 in the amount of 22.17% (the year ended 31 December 2021: 11.44%) through analysis based on default rates corresponding to Fitch credit rating set for country. If there was a further 1% increase in credit risk in the next 12 months, then the increase in provision would be US$ 3,422 thousand for Group and US$ 562 thousand for Company.

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.

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 was 36.569 UAH/USD. Average exchange rate for 2022 was 32.368 UAH/USD.

3 Accounting policies (continued)

The presentation currency is USD as the assets (loans to related parties) and liabilities (Eurobonds) were 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 the Eurobonds at the beginning of the year and the loans from related parties 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.

3 Accounting policies (continued)

The following new standards, which do not have a material impact on the Group's financial statements, has been issued and is effective for the current year:

- ***Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework*** *– narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and* ***Annual Improvements to IFRSs 2018-2020*** *– amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).*
- ***The amendment to IAS 16*** *prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use.*
- ***The amendment to IAS 37*** *clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling.*
- ***IFRS 3*** *was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.*
- ***IFRS 1*** *allows an exemption if a subsidiary adopts IFRS at a later date than its parent.*
- ***The amendment to IFRS 9*** *addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.*
- ***Illustrative Example 13 that accompanies IFRS 16*** *was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.*
- *The requirement for entities to exclude cash flows for taxation when measuring fair value under* ***IAS 41*** *was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.*

The application of the amendments had no significant impact on the Group's and Company's financial statements.

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

- ***Deferred tax related to assets and liabilities arising from a single transaction*** *– Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).*
- ***Amendments to IFRS 16 Leases:*** *Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).*
- ***Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).*** *The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.*
- ***Amendments to IAS 1 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).*
- ***IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).***
- ***Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).***
- ***Transition option for insurers applying IFRS 17*** *– Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 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 2022	Year ended 31 December 2021
Finance income		
Gain on restructuring of Eurobonds*	-	163,281
Interest income on loans receivable	136,910	146,207
Gain on bonds repurchase	121,836	-
Discount on recognition of loans payable to related parties	-	51,662
Total finance income	**258,746**	**361,150**
Interest expense		
- Eurobonds issued	128,070	145,783
- loans from related parties	36,888	21,705
- bank borrowings	-	1,081
Total finance costs	**164,958**	**168,569**
Total finance income, net	**93,788**	**192,581**

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

In thousands of US$	Year ended 31 December 2022	Year ended 31 December 2021
Finance income		
Gain on bonds repurchase	121,836	-
Interest income on loans receivable	115,953	68,395
Gain on restructuring of Eurobonds*	-	163,281
Discount on recognition of loans payable to related parties	-	51,662
Total finance income	**237,789**	**283,338**
Interest expense		
- Eurobonds issued	128,070	145,783
- loans from related subsidiaries	36,888	21,705
Total finance costs	**164,958**	**167,488**
Total finance income, net	**72,831**	**115,850**

** For 2021: 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 2022**	**Year ended 31 December 2021**
Professional fees	465	519
Staff costs, including:	730	713
Wages and salaries	*397*	*409*
Social security costs	*319*	*297*
Other pension costs	*14*	*7*
Related parties fees*	269	451
Audit fees	94	162
Bank charges	23	74
Total	**1,581**	**1,919**

*The related parties fees mainly 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 2022**	**Year ended 31 December 2021**
Professional fees	229	230
Audit fees	8	76
Staff costs, including	92	94
Wages and salaries	*61*	*61*
Social security costs	*31*	*33*
Related parties fees*	86	55
Bank charges	9	51
Total	**424**	**506**

*The related parties fees consist mainly 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 2022**	**Year ended 31 December 2021**
Fees payable to the Company's auditors for the audit of the Company and consolidated financial statements	8	76
Fees payable to the Company's auditors for other services:		
The audit of the Company's subsidiary	86	86
Total audit services	**94**	**162**
Tax advisory and tax compliance services	101	127
Consulting services on debt restructuring	41	21
Total non-audit services	**142**	**148**
Total	**236**	**310**

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, subject to audit exemption in 2022). 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 2022 the total amount of the investment in the presentation currency was US$ 214,108 thousand (as at 31 December 2021: US$ 287,029 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$	2022	2021
Opening balance as at 1 January	**287,029**	**276,914**
Foreign currency translation	(72,921)	10,115
Closing balance as at 31 December	**214,108**	**287,029**

7 Loans and interest receivable

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

In thousands of US$	2022	2021
Non-current		
Loans granted to related parties	203,884	1,394,576
Total non-current loans receivable	**203,884**	**1,394,576**
Current		
Interest receivable	57,538	98,807
Total current loans and interest receivable	**57,538**	**98,807**

As at 31 December 2022 non-current loans (after discount (below) and provision for ECL) are US$ 203,884 thousand issued to companies of DTEK Energy and repayable in 2027 and carrying interest of 8.14% per annum (31 December 2021 - US$ 1,394,576 thousand). 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$	2022	2021
Non-current		
Loans granted to related parties	43,538	1,202,297
Total non-current loans receivable	**43,538**	**1,202,297**
Current		
Loans granted to related parties	-	48,501
Interest receivable	189	13,329
Total current loans and interest receivable	**189**	**61,830**

As at 31 December 2022, the Group and the Company applied an expected loss rate of 22.17% (31 December 2021: 11.44%) 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 ECL growth rate is determined by significant changes in the counterparties risk and corresponding change of ECL calculation approach (Note 2).

The decrease in non-current loans balance and interest receivable of the Group and of the Company represents mainly non-cash movements being setting-off the intercompany loans from related parties in exchange for the Eurobonds transfer to parent company in the amount of US$ 1,323,679 thousand.

As at 31 December 2021 the current loans for the Company were US$ 48,501 thousand, which represented the interest-free balances with Company's subsidiary recognized upon the completion of the process for DTEK Energy intragroup restructuring. These balances were payable on demand.

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 2022**	**Financial receivables as at 2021**
Provision for impairment at 1 January	**192,548**	**428,839**
Changes for the year resulted from:		
Derecognition upon restructuring (Note 4)	-	*(592,627)*
Setting-off the intercompany loan and Eurobonds (Note 4)	*(293,253)*	-
ECL Rate growth/(decrease)	178,273	(171,925)
Balance sheet changes	(1,706)	528,551
Total changes for non-forex factors	*176,567*	*356,626*
Exchange rate difference	-	(290)
Total changes for the year	**(116,686)**	**(236,291)**
Provision for impairment at 31 December	**75,862**	**192,548**

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 2022**	**Financial receivables as at 2021**
Provision for impairment at 1 January	**163,303**	**140,412**
Changes for the year resulted from:		
Derecognition upon restructuring (Note 4)	-	*(487,577)*
Setting-off the intercompany loan and Eurobonds(Note 4)	*(293,253)*	-
ECL Rate growth/(decrease)	146,501	(88,596)
Balance sheet changes	(4,089)	599,064
Total changes for non-forex factors	*142,412*	*510,468*
Total changes for the year	**(150,842)**	**22,891**
Provision for impairment at 31 December	**12,461**	**163,303**

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 2022 all financial receivables were classified as Stage 1 (31 December 2021: Stage 1) 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$	2022	2021
US$	118	1,401
EUR	26	40
GBP	54	360
Total cash and cash equivalents	**198**	**1,801**

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

In thousands of US$	2022	2021
US$	41	1,368
EUR	13	9
GBP	27	148
Total cash and cash equivalents	**81**	**1,525**

Cash and cash equivalents represent the cash in bank accounts. As at 31 December 2022 and at 31 December 2021 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$	2022	2021
Non-current		
Eurobonds	-	1,503,795
Loans from related parties	371,156	373,337
Total non-current borrowings	**371,156**	**1,877,132**
Current		
Eurobonds	-	20,000
Interest payable on loans from related parties	31,768	22,152
Total current borrowings and interest accrual	**31,768**	**42,152**

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

In thousands of US$	2022	2021
Non-current		
Eurobonds	-	1,503,795
Loans from related parties	371,156	373,337
Total non-current borrowings	**371,156**	**1,877,132**
Current		
Loans from related parties	651,056	651,156
Eurobonds	-	20,000
Interest payable on loans from related parties	31,320	21,705
Total current borrowings and interest accrual	**682,376**	**692,861**

10 Borrowings and interest payable (continued)

Cash and non-cash movements in borrowings of the Group during the financial year ended 2022 were as follows

In thousands of US$	**2022 Total**	**2022 Eurobonds**	**2022 Bank and other borrowings**
Opening balance as at 1 January	**1,919,284**	**1,523,794**	**395,490**
Cash movements			
Interest paid during the year	(99,833)	(75,190)	(24,643)
Repayment of borrowings	(64,201)	(59,401)	(4,800)
Non-cash movements			
Interest accrued during the year	164,497	127,609	36,888
Financial gain on Eurobonds derecognition	(71,297)	(71,297)	-
Financial gain on Eurobonds repurchase	(121,836)	(121,836)	-
The transfer to parent company in exchange for setting-off the intercompany loan receivable	(1,323,679)	(1,323,679)	-
Other movements	(11)	-	(11)
Closing balance as at 31 December	**402,924**	**-**	**402,924**

Cash and non-cash movements in borrowings of the Group during the financial year ended 2021 were as follows

In thousands of US$	**2021 Total**	**2021 Eurobonds**	**2021 Bank and other borrowings**
Opening balance as at 1 January	**1,547,774**	**1,493,494**	**54,280**
Cash movements			
Interest paid during the year	(23,619)	(23,619)	-
Financial investments made	-	-	-
Non-cash movements			
Interest accrued during the year	168,569	145,783	22,786
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**

Cash and non-cash movements in borrowings of the Company during the financial year ended 2022 were as follows

In thousands of US$	2022 Total	2022 Eurobonds	2022 other borrowings
Opening balance as at 1 January	**2,569,993**	**1,523,794**	**1,046,199**
Cash movements			
Interest paid during the year	(99,833)	(75,190)	(24,643)
Repayment of borrowings	(64,301)	(59,401)	(4,900)
Non-cash movements			
Interest accrued during the year	164,497	127,609	36,888
Financial gain on Eurobonds derecognition	(71,297)	(71,297)	-
Financial gain on Eurobonds repurchase	(121,836)	(121,836)	-
The transfer to Parent Company in exchange for setting-off the intercompany loan receivable	(1,323,679)	(1,323,679)	-
Other movements	(12)	-	(12)
Closing balance as at 31 December	**1,053,532**	**-**	**1,053,532**

Cash and non-cash movements in borrowings of the Company during the financial year ended 2021 were as follows

In thousands of US$	2021 Total	2021 Eurobonds	2021 other borrowings
Opening balance as at 1 January	**1,493,494**	**1,493,494**	**-**
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
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
Recognition of a loan from subsidiary	653,431	-	653,431
Closing balance as at 31 December	**2,569,993**	**1,523,794**	**1,046,199**

10 Borrowings and interest payable (continued)

As at 31 December, the Group's borrowings were denominated in US$.

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

In thousands of US$	2022	2021
Loans and borrowings due:		
- within 1 year	31,768	42,152
- between 1 and 5 years	371,156	1,877,132
Total borrowings	**402,924**	**1,919,284**

Eurobonds

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.

On 11 November 2022, using Dutch Auction, the Company made Eurobonds buyback. As a result, the financial gain of US$ 121,836 thousand was recorded in profit and loss, being the difference between the carrying value of Eurobonds repurchased and cash paid for buybacks. On 24 November 2022, the Company made the transfer of Eurobonds to Parent Company in exchange for setting-off the loan receivable with DTEK Energy B.V. This resulted in financial gain of US$ 71,297 thousand, being the difference between fair values of Eurobonds transferred and exchanged amount of loan receivable.

Loans from related parties

Since the restructuring in March 2021, 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%. This rate is used to determine the fair value of loans payable to and receivable from related parties.

11 Trade and other payables

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

In thousands of US$	31 December 2022	31 December 2021
Other payables to related parties	675	67
Other payables	270	474
Total	**945**	**541**

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

In thousands of US$	31 December 2022	31 December 2021
Payables on demand for investments in subsidiary*	202,605	203,225
Other payables to related parties	515	26
Other payables	250	331
Total	**203,370**	**203,582**

** 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 2022 the total net debt and total equity deficit of the Group were US$ 402,726 thousand and US$ 149,395 thousand respectively (31 December 2021: US$ 1,917,483 thousand and US$ 423,302 thousand), the net debt to equity ratio was (270) % (31 December 2021: (453) %). As the sole purpose of the Group is to serve as the finance vehicle of DTEK Energy, with its activity focused on conducting the investing activities with DTEK Energy companies, 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$	**2022**	**2021**
Interest income (Note 4)	139,107	146,207
Interest expense (Note 4)	36,888	21,705
Finance expenses attributable to restructuring of borrowings (Note 4)	-	16,013
Related parties fees (Note 5)	269	451
Loans granted and interest accrued (Note 7)	261,422	1,493,383
Loans received and interest accrued (Note 10)	402,924	395,489
Trade and other payables (Note 11)	675	67

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

In thousands of US$	**2022**	**2021**
Interest income (Note 4)	115,953	68,395
Finance expenses attributable to restructuring of borrowings (Note 4)	-	15,461
Interest expense (Note 4)	36,888	21,705
Related parties fees (Note 5)	86	55
Loans granted and interest accrued (Note 7), including:	43,727	1,264,127
balance with subsidiary, DTEK Investments Limited (UK)	*10,403*	*48,501*
Loans received and interest accrued (Note 10), including:	1,053,532	1,046,198
balance with subsidiary, DTEK Investments Limited (UK)	*651,056*	*651,156*
Trade and other payables (Note 11), including:	203,120	203,251
balance with subsidiary, DTEK Investments Limited (UK)	*202,605*	*203,225*

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 is directly owned by DTEK ENERGY HOLDINGS B.V., a company registered in the Netherlands. In its turn, it is owned by DTEK Group B.V. (formerly – DTEK B.V.), a company registered in the Netherlands, which 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/9573X_1-2023-4-28.pdf

15 Income tax expense

The Group tax expense was as follows:

In thousands of US$	2022	2021
Current income tax expense	8,110	100
Income tax expense	**8,110**	**100**

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

In thousands of US$	2022	2021
Profit before income tax	165,112	186,667
Income tax rate	19%	19%
Income tax at statutory rates	31,371	35,467
Tax effect of:		
- Items not deductible or assessable for taxation purposes	(23,261)	(35,367)
Income tax expense	**8,110**	**100**

The differences for the Company are explained below:

In thousands of US$	2022	2021
(Loss) before income tax	(112,342)	(79,040)
Income tax rate	19%	19%
Income tax at statutory rates	(21,345)	(15,018)
Tax effect of:		
- Items not deductible or assessable for taxation purposes	21,345	15,018
Income tax expense	-	-

The deferred tax assets for amount of US$ 4,244 thousand are not recognized in the Company's financial statements (2021: US$ 4,244 thousand) as future recoverability of this asset is uncertain.

An increase in the UK corporation tax rate to 25% on profits over GBP 250 thousand 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 2022 were 5 and 3 respectively. (2021: 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 2022, the remuneration of the directors consisted of the salary in the amount of US$ 101 thousand (2021: US$ 333 thousand), payable to Johan Bastin. Maksym Timchenko, Anastasiia Bardeha and Valentyna Shevchenko provide management services to various DTEK companies. The remuneration of Maksym Timchenko, Anastasiia Bardeha and Valentyna Shevchenko is paid by other DTEK companies and it is not possible to make an accurate apportionment of their remuneration in respect of each of the companies. Accordingly, the above details include no remuneration in respect of Maksym Timchenko, Anastasiia Bardeha and Valentyna Shevchenko. Maksym Timchenko's 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$ 9,823 thousand) at 31 December 2022 (at 31 December 2021: UAH 359,366 thousand, equivalent to US$ 13,089 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 2022 (at 31 December 2021: US$ 11,787 thousand). As at 31 December 2022 and 2021, 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 2022**	**31 December 2021**
Loans receivable (Note 7)	304,225	1,829,520
Interest receivable (Note 7)	73,929	111,570
Trade and other receivable	602	660
Cash and cash equivalents (Note 8)	198	1,801
Total	**378,954**	**1,943,551**

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

In thousands of US$	**31 December 2022**	**31 December 2021**
Loans receivable (Note 7)	60,903	1,627,597
Interest receivable (Note 7)	242	15,050
Trade and other receivable	602	660
Cash and cash equivalents (Note 8)	81	1,525
Total	**61,828**	**1,644,832**

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

As at 31 December 2022 cash and cash equivalents of the Group of US$ 149 thousand were placed in banks rated by Moody's Investors Service as A2, US$ 49 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 2022		**At 31 December 2021**	
In thousands of US$	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
US$ strengthening by 20% (2021: 10%)	(28,265)	(28,265)	(42,334)	(42,334)
US$ weakening by 20% (2021: 10%)	28,265	28,265	42,334	42,334
Euro strengthening by 20% (2021: 10%)	(11)	(11)	(4)	(4)
Euro weakening by 20% (2021: 10%)	11	11	4	4
GBP strengthening by 20% (2021: 10%)	(1,603)	(1,603)	18	18
GBP weakening by 20% (2021: 10%)	1,603	1,603	(18)	(18)

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 2022		At 31 December 2021	
In thousands of US$	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
US$ strengthening by 20% (2021: 10%)	(199,669)	(199,669)	(19,646)	(19,646)
US$ weakening by 20% (2021: 10%)	199,669	199,669	19,646	19,646
EUR strengthening by 20% (2021: 10%)	(4)	(4)	(1)	(1)
EUR weakening by 20% (2021: 10%)	4	4	1	1
GBP strengthening by 20% (2021: 10%)	21	21	74	74
GBP weakening by 20% (2021: 10%)	(21)	(21)	(74)	(74)

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 2022 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					
Loans from related parties	31,768	-	-	420,200	451,968
Trade and other payables (Note 11)	945	-	-	-	945
Total future payments, including future principal and interest payments	**32,713**	**-**	**-**	**420,200**	**452,913**

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**

The maturity analysis of financial liabilities of the Company at 31 December 2022 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					
Loans from related parties	31,321	-	-	1,071,255	1,102,576
Trade and other payables (Note 11)	203,370	-	-	-	203,370
Total future payments, including future principal and interest payments	**234,691**	**-**	**-**	**1,071,255**	**1,305,946**

19 Financial Risk Management (continued)

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***

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.

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 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 2022		31 December 2021	
In thousands of US$	Level 3*	Carrying value	Level 3*	Carrying value
Financial liabilities				
Eurobonds (Note 10)	-	-	1,476,300	1,523,794
TOTAL LIABILITIES	**-**	**-**	**1,476,300**	**1,523,794**

20 Fair value of Financial Instruments (continued)

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 2022		31 December 2021	
In thousands of US$	Level 3*	Carrying value	Level 3*	Carrying value
Financial liabilities				
Eurobonds(Note 10)	-	-	1,476,300	1,523,794
TOTAL LIABILITIES	**-**	**-**	**1,476,300**	**1,523,794**

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$	2022	2021*	Valuation technique	Inputs used
Financial liabilities				
Eurobonds (Note 10)	-	1,476,300	Market approach	Similar financial instruments*
TOTAL LIABILITIES	**-**	**1,476,300**		

** 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

There were no significant events subsequent to the year end.