DTEK Finance PLC

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2020

Company Number: 08422508

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COMPANY INFORMATION

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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 2020 and their likely future development.

Principal activities and business overview

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

DTEK Energy Update

DTEK Energy is a vertically integrated coal mining, and power generating 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 the mining of coal, mainly for supply as fuel stock to its thermal power generating facilities, and the final sale of electricity to the electricity market. DTEK Energy's coal mines and power generation plants are located in the Donetsk (controlled territory), Lugansk (controlled territory), Dnipropetrovsk, Lviv, Ivano-Frankivsk, Vinnitsya and Zaporizhzhya regions of Ukraine. During the reporting period DTEK Energy sold the bulk of the electricity it generated to the Ukrainian electricity market. This market came into effect on 1 July 2019 and was established by the Government to meet its Association Agreement commitment to implement the EU Third Energy Package. Ukraine thus switched from a single-buyer model to one with a more competitive power market structure consisting of bilateral contracts, day-ahead, intraday, balancing and ancillary services markets. Prior to the establishment of this market, DTEK Energy sold the electricity it generated to Energorynok SE — the sole, state-owned wholesale trader that operated under a single-buyer model from 2000 to mid-2019 and also acted as a settlement centre for all payments until July 2019. While the establishment of an electricity market based on the EU model *per se* is a positive development, the introduction and operating of this market in Ukraine was disturbed by unwarranted volatility, unpredictability and lack of transparency contrary to general expectations.

According to a November 2020 assessment of the EU's Energy Community Secretariat "*... the market still remains largely distorted by a range of regulatory measures, including price caps and public service obligations, which channel nuclear and hydropower electricity from state owned generators to the universal service suppliers at prices that are detrimental to competition and safe operation of power plants alike.*

During the year under review, the dysfunction of the electricity market in Ukraine has adversely affected the financial performance of DTEK Energy. In addition, increased competition and higher supply from lower cost sources of electricity generation such as natural gas-fired combined heat and power plants (CHP) and nuclear energy eroded DTEK Energy's market share.

The outbreak of the COVID-19 pandemic in March 2020 exacerbated DTEK Energy's financial performance. Demand dropped, the liquidity problems in the electricity sector worsened further, as numerous households, encouraged by protective measures enacted by Presidential Decree, stopped paying user charges, and COVID-19 related restrictions on movement had a negative effect on operational performance.

The cash flow contraction that started in the last quarter of 2019 continued in the first quarter of 2020. Consequently, DTEK Energy was not able fully to meet debt service obligations on its Eurobonds and bank loans and, at the end of March 2020 it announced technical default. Soon thereafter, DTEK Energy engaged in negotiations with its creditors on the restructuring of its debt. Both DTEK Energy and the creditors were supported and advised by financial, legal and technical advisors they each retained. These negotiations continued throughout 2020 without reaching an agreement. However, in early 2021 — post the reporting period — the parties reached agreement in principle on a restructuring the "head of terms". Presently, DTEK Energy and their advisors are working on the finalisation and documentation of this agreement with a target date of completion in the second quarter of 2021. It should be noted that, as of the date of issuance of these consolidated financial statements, the holders of DTEK Energy's bonds and bank debt did not invoke their right to demand the accelerated repayment of borrowings from the Group except as disclosed in Note 21.

Group Update

On 31 March 2020 and 1 April 2020 the Group did not make a scheduled payment of interest on their bank borrowings and interest coupon due on the Eurobonds, thus entering a default on bank borrowings and the Eurobonds. As a result, bank borrowings and Eurobonds were reclassified as current borrowings as at 31 December 2020.

Results

The results of the Group show a loss for the year ended 31 December 2020, amounting to US$ 442,363 thousand (for the year ended 31 December 2019: profit US$ 27,686 thousand). The results of the Company show a loss for the year ended 31 December 2020 amounting to US$ 434,027 thousand (for the year ended 31 December 2019: profit US$ 84,191 thousand). The change from profit in 2019 to loss in 2020 was mainly due to expected credit losses due to an increase of ECL rates and forex losses due to the devaluation of Ukrainian hryvna versus US$. At 31 December 2020 the Group had an equity deficit of US$ 593,702 thousand (31 December 2019: deficit US$ 187,564 thousand) and the Company had an equity deficit of US$ 1,107,824 thousand (31 December 2019: deficit US$ 814,902 thousand).

Principal risks and uncertainties

As the finance vehicle of DTEK Energy, the principal 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.

As regards the macro-economic environment, until February 2020, the Ukranian economy was still in a robust macroeconomic state, with declining public debt, decreasing inflation and positive growth forecasts. The outbreak of the COVID-19 pandemic in the second quarter of 2020, combined with a cabinet reshuffle in March 2020, slowed down the trend of steady improvement of economic conditions and political stability that started in 2019.

The inflation rate in Ukraine stood at 5.0% for 2020 (2019: 4.1%) while GDP decreased by 4.4% (2019: increased by 3.3%) according to the statistics published by the National Bank of Ukraine. The Hryvnia depreciated against the Euro from UAH 26.4 as at 31 December 2019 to UAH 34.7 as at 31 December 2020.

The economic contraction in 2020, COVID-19 related restrictions on movement, and the volatility and unpredictability of electricity markets caused by political interference in its regulation, have had an adverse effect on DTEK Energy's revenues and overall financial performance.

While in the second half of 2020 overall conditions in the electricity markets started to improve, with higher demand compared to the first half of the year and higher electricity prices in both the day-ahead and intra-day markets, DTEK Energy's financial performance for 2020 as a whole fell below that of 2019 mainly due to the flawed regulation of the electricity market, tariff caps and severe liquidity constraints in the market. Management expects further increase of tariffs during 2021, which is expected to have a positive impact on DTEK Energy's performance.

As a consequence of unexpectedly low cash generation within the electricity market as a whole, at the end of 2020, DTEK Energy had significant amounts of accounts receivable owed by state-owned entities as well as in the form of prepayments made to government and entities dependant on government financing. These included prepaid income taxes of US$ 2.2 million, VAT recoverable of US$ 146 million, and the gross carrying amount of trade receivables from and advances made to Energorynok SE of US$ 242 million. The timing of settlement of these balances is uncertain and depends on a variety of factors including internal cash generation from user charges in the electricity market, the availability of funds from the State budget, amounts of future taxable profits of DTEK Energy's subsidiaries.

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.

Risk management framework

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

DTEK Energy's Executive Board is responsible in general for the development of strategic and operational targets and for the identification, assessment and mitigation of associated risks. The Executive Board established the Risk Management Committee, which tackles risk management issues on a regular basis. For the identified risks deemed to be material, comprehensive mitigating action plans are developed and reviewed on a regular basis to ensure that the risks' levels remain at acceptable levels. Management is kept informed via regular risk reports and understands how risks influence the achievement of business targets, so management's decisions are made based on existent/potential risks and opportunities. DTEK Energy implements the necessary internal controls into the business processes based on performed risk assessments; preference is given to automated controls that are embedded into IT systems (e.g. SAP ERP). 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 being 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 programs in order to safeguard its most critical assets and activities from low-probability/high-impact risks.

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

During 2020 DTEK Energy and the Group concentrated on the management of the following main risks:

Political, macroeconomic and geopolitical risks:

In 2020 there were no major political events in Ukraine, although COVID-19 hit the Ukrainian economy substantially. Despite the COVID-19 pandemic the economic situation was manageable in general. Local currency's (hryvnia) depreciation and inflation were under state control.

The political risk associated with the supply of anthracite coal from the Russian Federation did not materialize in 2020, so the Lugans`ka thermal power plant (TPP) was working on its main fuel (in 2019 it was forced to switch fuel to the more expensive natural gas). DTEK Energy will continue its efforts to provide a stable coal supply to Lugans'ka TPP in the future.

Risks of corporate strategy:

In 2020, the Supervisory Board of DTEK Energy approved an update of its corporate strategy. This strategy aims at the promotion of further liberalization of the electricity market following the EU model as mandated by Ukraine's EU Association Agreement, improved financial and operational performance, corporate restructuring in response to the challenges posed by the ongoing process of energy transition and related decarbonisation policies, and the implementation of the Environmental, Social and Governance (ESG) policies adopted by DTEK Energy's Supervisory Board in December 2019. The core objectives of adopting to energy transition are to

- Strengthen its competitiveness and ability to operate under free market conditions;
- Optimize the vertical integration of coal production and electricity generation; and
- Reduce greenhouse gas emissions per unit of power generated.

Regulatory risks:

As mandated by Ukraine's obligations under the Energy Community Treaty, which aims at extending the EU's energy markets to neighbouring countries, a new Electricity Market was launched on 1 July 2019. In line with applicable EU directives and regulation, the market regulations prior to launch of the new market required the unbundling of distribution from generation and supply (sales to the end-consumer).

As mentioned before, DTEK Energy remains highly exposed to regulatory risk as a result of interference in the market. In particular, DTEK Energy faced the following risks:

- Tariff-setting rules – the influence of price restrictions "Price Cap";
- Auxiliary service market for thermal generation is not fully launched yet;
- Lack of government subsidies for using alternative expensive fuel (natural gas) for Lugans`ka TPP.

During 2019-2020, DTEK Energy faced problems in respect of recovering its debts from the regulator "The State Company "Energorynok" (Energorynok SE). The following measures were implemented in order to manage this risk - negotiation with the Cabinet of Ministers of Ukraine (CMU) on the repayment or offset of the debt of Energorynok SE; joint participation with the NEURC on the development of regulatory documents to reduce cash gaps for distribution companies and suppliers in case of unbundling. As at 31 December 2020 and as the date of authorization of these financial statements, this matter remains open.

Commodity price risks

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

Financial risks and market risks:

With regards to currency risk, the national currency of Ukraine hryvnia has had high volatility during the recent years, also it has weakened in 2020. As a result, DTEK Energy suffered forex losses mainly on financing activities. The vast majority of its debt is Euro or US Dollar denominated whereas its income is primarily in local currency (Ukrainian Hryvnia). DTEK Energy strives to reduce short open foreign currency balance sheet positions arisen as a result of the imbalance between a loan portfolio in foreign currency and income in local currency. The following measures are implemented in order to manage these risks: foreign exchange flow planning was carried out and the need for hedging currency positions was evaluated.

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, takes measures to optimize its 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.

Credit risk management is based on an internal scoring system, which assigns internal ratings and limits to counterparties based on their financial performance, payment discipline and other aspects.

Aspects related to DTEK Energy's external credit rating remain in the focus of management. DTEK Energy continues negotiations with creditors on debt restructuring after non-payment of a scheduled payment of interest on its bank borrowings and interest coupon due on the Eurobonds in March 2020, thus entering a default on bank borrowings and the Eurobonds as a result of COVID-19 pandemic, insufficient demand for electric energy and coal in the last quarter 2019 - first half of 2020. In February 2021 the key restructuring principles ("heads of terms") were agreed (Note 1).

DTEK Energy pays a 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.

Energy Transition risks:

This category of risks is unique to the electricity sector and includes the combined impact of decarbonisation policies, market liberalisation and technological advances on traditional forms of power generation and, specifically, coal-fired power generation. The Directors of the Company and the Management of DTEK Energy are acutely aware that:

- decarbonisation policies — including the imposition of greenhouse gas emission charges and the promotion of renewable energy — irreversibly and structurally erodes the role of thermal power generation in electricity supply;
- ongoing market liberalisation is transforming the terms of supply — essentially driving down the market price of electricity; and
- technological advances lead to increased energy efficiency — and, by implication, reduce demand relative to GDP growth, eventually bringing the levelised cost of renewable energy generation close to or below grid parity prices and fundamentally changing the commercial relations between supply and consumption.

To mitigate these risks, the management of DTEK Energy has engaged international energy sector advisors to conduct an in-depth review of its operations. It has asked these advisors to recommend measures to improve operational performance including strengthening operational efficiency by increasing the capacity factor of DTEK Energy's TPPs and decreasing heat rates; improving flexibility allowing TPPs to better respond to market opportunities; and generally streamline its operations.

It also actively engages with the regulator and the government to implement full market liberalization, which is likely to create ancillary services opportunities for thermal power generation and to manage better the introduction of renewable energy to avoid electricity system disruptions.

While, over the mid- to long-term, energy transition will inevitably and adversely affect DTEK Energy's operational and financial performance, DTEK Energy management believes that there will be a continued role for thermal power generation provided that the sector is regulated and managed in a transparent and rational way. Management will continue to monitor the energy transition risks and continue identifying and implementing measures relentlessly to improve the cost-efficiency of its operations.

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 implementation of Code of ethics & business conduct, regularly provides employees with appropriate compliance trainings and monitors the internal compliance rules being in place.

Health and Safety risks:

The risks of adverse effects to the health of employees, subcontractors or third parties are governed according to the rules of DTEK Energy's health and safety management systems, which is based on international standards OHSAS 18 001. The mining and energy industries are subject to significant risks that could result in personal injury or death, which were materialized in 2020. In order to minimize such risks DTEK Energy has implemented the project "Development of a safety culture" at coal mining offices, which aims to promote an appropriate safety and health culture among DTEK Energy`s employees.

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 aboard, 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.

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, etc.

The potential impact of COVID-19 on DTEK Energy business

Late in 2019 news first emerged from China about COVID-19 (Coronavirus). In the first few months of 2020 the virus spread globally causing disruptions to business and economic activity. In March 2020 the World Health Organization recognised the coronavirus as a pandemic. The spread of the virus has had a significant negative impact on the economic activity in the world, including a drop in capital markets and a sharp decrease of commodity prices. This substantially increased the level of uncertainties in future cash flow projections regarding, amongst others, volumes of electricity consumption in Ukraine which was negatively affected following the downshift in the retail, entertainment, transport, and other industries resulting from the quarantine and/or spreading of the virus in Ukraine.

From the second half of March 2020, most European governments as well as the Government of Ukraine started to take restrictive measures to prevent the spread of the virus in the countries, including the introduction of quarantine modes during periods of high virus spread. At the beginning of 2021, the infection statistics in the Ukraine started to improve gradually and restriction measures were partially reduced by the government.

From 1 April 2020 as a result of the decrease of the demand for electricity DTEK Energy suspended operations of its Bilozerska Mine and Dobropolyeugol LLC mine and Oktyabrska enrichment plant and, from 20 April 2020, the Group suspended operations of DTEK Pavlogradugol PJSC, the biggest coal mine in Ukraine, and operations of three enrichment plants: CCM Kurahovskaya LLC, CCM Pavlogradskaya LLC, DTEK Dobropolskaya CEP PJSC. The entities were operating in a support mode during the suspension period.

The situation started to stabilise in May-June 2020 resulting in an increase in electricity tariffs as well as a gradual recovery of electricity consumption volumes. On 16 May 2020, DTEK Energy renewed operations of DTEK Pavlogradugol PJSC and on 13 July 2020 Dobropolyeugol LLC mine re-started its operations. During 2020 and early 2021, DTEK Energy did not experience any notable negative impact caused by the Coronavirus, which has led, together with other factors, to an increase its electricity production levels compared to levels observed during the same period a year ago.

By the end of 2020, multiple vaccines have been successfully developed and some countries have started vaccination drives. However, the situation with Coronavirus remains fluid globally and thus its further impact is difficult to predict and quantify. Management continues to monitor the potential impact of the governmental restrictive measures and takes all steps possible to mitigate any possible negative effects. Production facilities of DTEK Energy are currently operating in a normal mode, and administrative activities are partially being managed remotely to ensure that activities for DTEK Energy are maintained in the normal course of business.

The Group specific risk: impact on the United Kingdom's exit from the European Union

The United Kingdom (UK) formally left the European Union (EU) on 31 January 2020. However, the existing rules governing the relationship between the UK and the EU remained in place until 31 December 2020. On 1 January 2021, the "EU-UK Trade and Cooperation Agreement" came into force. This Agreement has three main pillars: (i) A Free Trade Agreement; (ii) citizens' security arrangements with respect to law enforcement and judicial cooperation; and (iii) a so-called "horizontal agreement on Governance" aimed at providing legal certainty to businesses, consumers and citizens of both the EU and the UK.

Because the pre-Brexit trade and cooperation arrangements remained in place throughout 2020, the UK's exit from the EU has not had any impact on the Company and the Group in general. Going forward, the Group's Directors closely follow developments in EU-UK trade and cooperation relations, assess the impact of the EU-UK Trade and Cooperation Agreement on the operations and business — exclusively financial in nature — in the UK and, if required, will take measures to mitigate any adverse effects.

Section 172(1) of Companies Act 2006 statement

The financial and operational performance of DTEK Energy and the Group depends on the ability to engage effectively with their stakeholders and protect their respective interests. 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 2020. In particular, we refer to:

- ***Likely consequences of any decision in the long term:*** the Company and the Group are entirely dependent on the operational and financial performance of both its parent DTEK Energy B.V. and DTEK Energy. DTEK Energy operates within an increasingly competitive environment and is subject to the eroding forces of energy transition described above that in the longer term irreversibly marginalize its role in the electricity system. In addition, the past year (2020) accentuated the vulnerabilities of an industry that is subject to political decision making, is seen by some as providing a service that is social in nature and should be affordable, and that depends on the strength, rationality and integrity of market regulation.

- ***Interests of employees:*** each of DTEK Energy's employees is critical to delivering the strategy of the company and contributing to its success. DTEK Energy's management is committed to the welfare and wellbeing of its employees, as outlined in Social Responsibility section.

- ***Fostering relationships with suppliers, customers, and others:*** in line with DTEK Energy's aspiration to develop business relationships with business partners who are guided by a similar set of principles of business conduct, it is company 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.

- ***Impact of operations on the community and the environment:*** central to DTEK Energy's business conduct is respect for the environment. The management of DTEK Energy believes that its environmental responsibilities require it to operate in a manner that minimizes the environmental impact of its operations, and reduce the carbon intensity of its production.

Future developments

The Group remains the finance vehicle of DTEK Energy, with its activity focused on the administration of the servicing of DTEK Energy's debt.

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.

Taking into account trends and uncertainties in 2020 (including but not limited to the Donbass military conflict; the introduction of a new electricity market in 2019; further global decarbonization and digitalization etc), DTEK Energy will focus on the following key areas in 2021:

- Strengthening its capacity to monitor, analyse and respond to the short- and long-term challenges of energy transition;
- Further improve operational efficiency;
- Complete DTEK Energy's financial restructuring and optimize liquidity management;
- Decrease the level of coal consumption for electricity generation per unit of production;
- Support the further development and the functioning of the new Ukraine electricity market model;

Environmental issues

DTEK Energy recognises that climate change is a growing global risk and acknowledges that it is directly influenced by human and business activity that requires decisive global planning. DTEK Energy invests in upgrades of equipment and modernization of production processes in order to mitigate the negative environmental impact of its production activities. The key areas of DTEK's focus are air protection (retrofit of electrostatic precipitators at TPPs), protection and sustainable use of water resources, protection of land and waste management (building ash dump dikes, promoting the utilization of coal combustion products, reclaiming waste dumps, etc.), optimized use of hazardous substances and materials, and conservation of biodiversity.

DTEK Energy maintains an environmental management system according to ISO 14001 standard and the system is recertified every 3 years. DTEK Energy is a leading company in Ukraine's energy sector and accordingly, the limitation of emissions by DTEK Energy's TPPs is among its environmental protection priorities. DTEK Energy takes part in working groups coordinating measures to reduce environmental pollution and implementing the requirements of European Directives 2001/80/EC and 2010/75/EU. These efforts include performance of the National Emission Reduction Plan. Please refer to https://energo.dtek.com/en/sustainable_development/environment/ for more information.

The estimated environmental impact of the Group and Company's office is considered to be insignificant by Group's management. This is due to the relatively small number of employees (see Note 16) and their absence in the workplace due to COVID-19 lockdown restrictions in London during 2020.

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 in 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 Energy systematically develops its activities in the field of sustainable development, guided by the principles of the ESG and the UN Sustainable Development Goals (12 of 17) 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 Group, being among the biggest national employers and a social investor, 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 Group companies. The Group 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 DTEK Energy'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's 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. The DTEK Group'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. The report on sustainable development for 2020 is expected by the middle of 2021.

Post balance sheet events

There are no special events that should be taken into account for the financial statements (apart from the ones described in Note 1).

On behalf of the board

Maksym Timchenko, Director
30 April 2021

Dr. Johan Frans Jozef Maria Bastin, 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 2020.

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 Fifth Floor, 25 Park Lane, London, United Kingdom W1K 1RA.

DTEK Finance PLC owns 100% of the issued share capital of DTEK Investments Limited, a company incorporated in England and Wales (United Kingdom). The total amount of the investment as of 31 December 2020 was US$ 276,914 thousand (31 December 2019: US$ 330,557 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 Energy B.V. (the "Parent Company") is a private limited liability company incorporated in the Netherlands on 16 April 2009. The Parent Company was formed through the contribution by System Capital Management Limited (SCM ltd.) and InvestCom Services Limited of their 100% equity interest in DTEK Holdings Limited, a Cyprus registered entity and predecessor to the Parent Company. On 19 September 2014 the Parent Company changed its ultimate parent company to DTEK B.V. (the "Ultimate Parent Company"). The Ultimate Parent Company and its subsidiaries ("DTEK Energy Group") are beneficially owned by Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management ("SCM").

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

Outlook

Taken together, the economic impact of the COVID-19 pandemic, substantive flaws in the functioning of Ukraine's electricity 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 control of DTEK Energy.

As mentioned above, DTEK Energy, as the main guarantor of the Group's debt, defaulted in March and April 2020 on its payment obligations to the holders of bank loans and Eurobonds respectively. The Directors of the Group consider it unlikely that DTEK Energy's finances will be restored to a level where it can resume meeting its debt service obligation related to the bank debt and the Eurobonds in full and sustainably under the current terms and conditions. DTEK Energy's debt will have to be restructured under terms and conditions that reflect Ukraine's longer term macro-economic outlook; projections of demand, supply and electricity generation mix; the impact of energy transition and decarbonisation policies; and the realities of Ukraine's electricity market. The management of the Group, therefore, continues to work with the DTEK Energy group companies and the guarantors of its debt on the restructuring of the bank loan facilities and the Eurobond notes (Note 1) to formalise legal agreement in accordance with the main restructuring terms and conditions that were in principle agreed in early 2021.

Going concern

The Group had an equity deficit of US$ 593,702 thousand and the Company had an equity deficit of US$ 1,107,824 thousand as at 31 December 2020. The Group's ability to continue as a going concern entirely depends on the continued ability of DTEK Energy to meet its debt service obligations fully and on time in accordance with the terms and conditions of the bank and bond debt.

DTEK Energy's business is concentrated in Ukraine, the majority of its revenue is generated in Ukraine and denominated in UAH (2020: 85% and 2019: 85 %), although DTEK Energy also receives some foreign currencies from its export of electricity and in the past through the export of coal. The majority of DTEK Energy's debt is denominated in currencies other than the UAH (mainly US$ and EUR).

Following the implementation of a new energy market in Ukraine and the downturn of electricity tariffs, the profitability of DTEK Energy's operations substantially deteriorated in the fourth quarter of 2019. Further at the beginning of 2020, the world's and the Ukrainian economy was affected by Coronavirus, that resulted in temporary suspensions of DTEK Energy's operations of some of its coal mines and enrichment plants. On 27 March 2020, DTEK Energy announced that in the context of the increasing concerns around the COVID-19 pandemic, unprecedented financial markets deterioration, and volatility of commodity prices, and their combined impact on DTEK Energy's financial position and operations, it started the process of developing a standstill and debt restructuring proposal (the "Proposal") with respect to its Eurobonds and certain bank indebtedness. Consequently, on 31 March 2020 and 1 April 2020 DTEK Energy did not make a scheduled payment (and subsequent scheduled payments) of interest on its bank borrowings and interest coupon due on the Eurobonds, thus defaulting on its bank borrowings and the Eurobonds.

As a result of default, DTEK Energy had an excess of current liabilities over current assets of US$ 2,146,732 thousand (in 2019 current assets exceeded current liabilities of US$ 22,712 thousand) and US$ 571 million of negative net assets (31 December 2019: positive net assets of US$ 254 million). Excess of current liabilities over current assets was caused by the classification of US$ 2,061 million of bank borrowings including interest accrued as current that are in default as of 31 December 2020. DTEK Energy management plans to cover existing deficit in net assets through earnings of profits in the future periods.

In February 2021, subsequent to the balance sheet date DTEK Energy and the Group agreed on the key restructuring principles ("heads of terms") with the committee of bondholders formed in May 2020 and members of the committee of DTEK Energy lenders. Respective announcement was published on the London Stock Exchange on 8 February 2021. The heads of terms include, but are not limited to:

- exchange of indebtedness under existing loans and Eurobonds to the New Notes issued by Company or other subsidiary of DTEK Energy ("New Notes") with the final maturity in 2027 and 7% interest per annum payable quarterly except for 2021 where interest payable is limited to 5% per annum provided that at least 1.5% is paid in cash and the remaining is capitalised; payment schedule for New Notes proposes USD 20 million payable per annum in semi-annual instalments commencing from June 2022;
- the excess of average available cash in any semi-annual period over and above USD 50 million to be used for discounted buybacks by way of public Dutch Auction; any unused amounts following completion of the Dutch Auction should be used to redeem the New Notes pro rata at par;
- debt guaranteed by DTEK Oil&Gas B.V. (as at 31 December 2020 held on the balance sheet of DTEK Energy B.V. as a non-current loan with carrying value of US$ 515 million) will be exchanged to the Notes issued by NGD Holdings B.V. ("DOG Notes") in favour of the holders of the existing Eurobonds with the principal amount of US$ 425 million and final maturity in 2026 and 6.75% annual interest payable semi-annually;
- providing additional credit support through pledge over 100% of the shares in DTEK Energy B.V. by a new intermediary holding company that will be created between DTEK B.V. and DTEK Energy B.V;
- appointment of Independent Supervisory Board Member from the candidates proposed by creditors and who shall have a veto right on a number of transactions of DTEK Energy, including regarding the transactions with affiliates to the Group.

DTEK Energy intends to implement the restructuring on the basis of the Heads of Terms by way of two inter-conditional schemes of arrangement under Part 26A of the Companies Act 2006 and will circulate a practice statement letter and related documentation setting out the full terms of the Restructuring (including the enhanced package of covenants that will be agreed by that time) to its creditors in due course. Among other steps, the following needs to occur for restructuring to become legally binding:

- obtaining of the required corporate approvals (including minority shareholder of Naftogazvydobuvannya PJSC) in relation to issue of guarantees/suretyships by the entities of DOG and DTEK Energy;
- the approval of the terms of Restructuring by a majority in number (more than 50 per cent.) representing at least 75% in value of the relevant creditors of DTEK Energy present and voting followed by the Court order sanctioning the scheme of arrangement which shall be applied to the remaining creditors. On 26 March 2021 DTEK Energy B.V. entered into a binding lock-up agreement with all of the members of the Noteholder Ad Hoc Group and members of the Bank Lender Ad Hoc Group representing in excess of 90% of the principal amount of the Group's bank loan facilities subject to restructuring and started to gather votes for a restructuring among the wider group of investors to get the required number of votes. The voting shall be held until 5th May 2021 and management expects to be able to get the required minimum of votes to finalise the restructuring.

Once implemented, it is expected that the Restructuring will provide DTEK Energy with a sustainable debt service profile and allow it to operate its business on a stable basis going forward.

Further, as a part of the budgeting process, Management prepared monthly budget and cash flow projections for DTEK Energy for periods throughout the 2021 and the first six months of 2022. These projections include judgment with regard to electricity prices and are based on approved by Supervisory Board business plan for 2021 and supported by performance to date in 2021. Management has estimated that the overall cash flows are positive, indicating that there is no liquidity gap in any month. The projected cash flows assume:

- that the lenders shall not demand accelerated and scheduled repayment of principal on borrowings under the existing terms, while interest payments and payments of principal are in line with the head of terms discussed above;
- keeping the existing market rules in 2021 and some improving these starting from 2022 for the coal power generation market participants (e.g. expected cancellation of existing price caps from 2022);
- electricity generation volumes remain nearly at the same level as achieved in 2020, which is in the range of expected thermal generation volumes according to the forecasted balance of electricity approved by Ministry of Energy of Ukraine;
- the average tariffs for 2021 are expected to increase by 11% compared to 2020. The average observed tariff for January-March 2021 was approximately 11% higher than average tariff for January-March 2020.

Management applied sensitivities based on the available internal and external data, including assessment of possible changes in electricity tariff levels. As a result, the sensitivity to electricity tariff was tested by management as this factor is considered as the most volatile in the forecast. As a result of the analysis of the sensitivity of cash flows it was noted that a reduction of tariffs during the next 12 months till 30 April 2022 by 10% (which was considered as maximum reasonably possible negative sensitivity) as compared with the budgeted cash flows would not result in liquidity gaps for the Group in any of the months assuming the ability of management to use mitigating liquidity measures including reduction of capital expenditure to the levels actually achieved in 2020 while maintaining minimum safety and environmental standards, varying the maintenance budget between the periods and optimising working capital through renegotiation of payment terms with suppliers under the common control by DTEK B.V.

Based on cash flow projections and through implementation of the mitigating actions if needed, DTEK Energy, the Group and the Company will have sufficient liquidity to continue serving the operating needs of the business, as well as to perform payments according to expected terms of restructuring. Still DTEK Energy, the Group and the Company is unable to make repayment of its borrowings according to the initial or accelerated schedule (before the finalisation of the restructuring). Whilst management expects that the lenders will be willing to finalise the debt restructuring process, the uncertainties related to their ability to perform the steps indicated above for restructuring to be finalised and become legally binding, result in a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern, and, therefore, it may be unable to realise the Group's and Company's assets and discharge its liabilities in the normal course of business.

As of the date of issuance of these financial statements, the bond holders and lenders did not use their right to demand from the Group the accelerated repayment of borrowings except one of the creditors as disclosed in Note 20 and are in negotiation with the Group regarding the finalisation of restructuring process.

Taking into account the current status of the restructuring process and based on cash flow projections performed, management considers that the application of the going concern assumption for the preparation of these financial statements is appropriate. 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.

Financial risk management

Financial risk management is the responsibility of the Company and the Company's parent entity, DTEK Energy BV. There have been no significant changes to any risk exposures from the previous year and as such no changes in the processes for managing risk.

Results and dividends

The consolidated loss of DTEK Finance PLC and its subsidiary (the "Group") for the year ended 31 December 2020 amounted to US$ 442,363 thousand (for the year ended 31 December 2019: profit US$ 27,686 thousand). The directors have not recommended the payment of a final dividend.

Subsequent events

Refer to Note 21 of the financial statements.

Corporate governance statement

The information on risk management and internal control is provided on page 3 of the Strategic Report.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:
Maksym Timchenko and Johan Frans Jozef Maria Bastin.

There were no qualifying third party indemnity provisions in place for the directors for the year ended 31 December 2020.

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 2020.

In so far as the directors are aware:

- there is no relevant audit information of which the Group's auditors are unaware;
- and the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information;
- the auditors, PricewaterhouseCoopers LLP, having indicated their willingness to continue in office and will be deemed to be re-appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the board

Maksym Timchenko, Director

Dr. Johan Frans Jozef Maria Bastin, Director

30 April 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law the 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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.

On behalf of the ~~board~~

Maksym Timchenko, Director

Dr. Johan Frans Jozef Maria Bastin, Director

30 April 2021

pwc

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 2020 and of the Group's and the Company's loss and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2020; the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, and the Consolidated and Company Statements of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Group's and the Company's ability to continue as a going concern. The Group and the Company are part of the group of companies headed by DTEK Energy B.V. Group ("DTEK Energy") and depend on the continued ability of DTEK Energy to meet its debt service obligations fully and on time in accordance with the terms and conditions of its bank and bond debt. DTEK Energy's profitability worsened during the second half of 2019 due to unfavourable developments in Ukraine's energy market. The further uncertainties caused by the COVID-19 (coronavirus) pandemic in early 2020, resulted in DTEK Energy's default on interest payments on all of its borrowings, including those of the Group, since March 2020 and caused the borrowings to become due on demand. DTEK Energy and the Group are currently in negotiations with their lenders and bondholders on the restructuring of their borrowings; accordingly, the Group's and the Company's ability to service the interest and make repayments of their loans as they fall due is crucially dependent on the successful finalisation of these negotiations. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

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

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

- Obtaining the directors' evaluation of the cash flow forecasts for the DTEK Energy Group for the remainder of 2021 and for the first six months of 2022, which supports their use of the going concern basis of accounting for the Group and the Company.
- Testing the integrity of the forecast model, including the mathematical accuracy.
- Holding extensive discussions with management and reviewing the key assumptions in the forecast model, such as electricity tariffs, which we have traced to industry data and compared to the actual realised tariffs during 2020.
- Consideration of the historical accuracy of management's forecasting.
- Critically evaluating management's downside sensitivities and agreeing that these represented severe but plausible scenarios.
- Obtaining an understanding of DTEK Energy's existing facilities, the refinancing proposals and the progress made to implement them.
- Reviewing the disclosure provided in note 1 to the financial statements, and concurring that this is sufficient to inform members about the directors' going concern assessment.

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

Our audit approach

Overview

Audit scope

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

Key audit matters

- Material uncertainty related to going concern
- Management's consideration of the potential impact of the COVID-19 pandemic (Group and Company)
- Management's ECL model in relation to the impairment of loans receivable balances (Group and Company)

Materiality

- Overall Group materiality: US$9.5m (2019: US$12.0m) based on 1% of total assets.
- Overall Company materiality: US$5.9m (2019: US$7.2m) based on 1% of total assets.
- Performance materiality: US$7.1m (Group) and US$4.4m (Company).

The scope of our audit

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

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the financial statements section, 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 the legal framework in the jurisdiction in which the Group operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management's incentive to manipulate the results that may relate to loan covenants (although this is mitigated this year as the Group is already in default on its loans), and in the evaluation of the ECL provision recognised on the loans and associated interest receivable balances, which is recognised to be highly judgemental. Audit procedures performed by the engagement team included:

- Reviewing loan agreements and testing of all material movements in loan balances through to cash.
- Recalculation of the interest income and interest expense recognised in the Group and Company Statements of Comprehensive Income.
- Evaluating management's ECL calculation, agreeing key inputs, where possible, through to third party sources, and ensuring that sensitivities in relation to this estimate have been adequately disclosed.

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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Management's ECL model in relation to the impairment of loans receivable balances is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Management's consideration of the potential impact of the COVID-19 pandemic (Group and Company)	
Refer to note 1 to the Consolidated and Company's financial statements for the directors' disclosures related to going concern. The directors have considered the potential impact of the pandemic, COVID-19, on the current and future operations of the Group and the Company. In doing so, the directors have made estimates and judgements that are critical to the outcomes of these considerations with a particular focus on the ability of the Group and the Company to continue as a going concern. As a result of the impact of COVID-19 on the wider markets, as well as the significance of the current and potential impact of COVID-19 on the operations and performance of the Group and the Company, we determined that the directors' consideration of the potential impact of COVID-19 (including their associated estimates and judgements) should be a key audit matter.	In assessing the directors' consideration of the potential impact of COVID-19, our audit procedures included: • Testing management's going concern assessment and related disclosures in the financial statements, as explained in the Material uncertainty related to going concern section above. • Obtaining and reviewing the cashflow forecasts of the underlying operating DTEK Energy Group, which takes into account the continued impact of COVID-19, for the period up until 30 June 2022. • Examining the directors' "Going Concern" disclosure in note 1 to the Consolidated and Company's financial statements. Based on the results of the procedures performed, and on the information available as of the date of the directors' approval of the financial statements and of our auditors' report, we concluded that a material uncertainty exists which may cast significant doubt about the ability of the Group and the Company to continue as a going concern, as described in the Material uncertainty related to going concern section above.

Management's ECL model in relation to the impairment of loans receivable balances (Group and Company)	
Refer to note 2 to the Consolidated and Company's financial statements for the directors' disclosures related to critical accounting estimates and judgements, and note 7 to the Consolidated and Company's financial statements for the directors' disclosures related to the Expected Credit Loss ('ECL'). The directors have considered that the technical default of the DTEK Energy Group on its external bonds evidenced the significant increase in credit risk of the intercompany loans receivable since the previous year end. The directors have concluded that these assets are in Stage 2 of the 3-stage model under IFRS 9, and therefore a lifetime ECL has been calculated. The Group recognises an ECL on its intercompany loans receivable from the DTEK Energy Group, and has determined the appropriate ECL rate through analysis of the bond prices of the Group's listed Eurobonds, which are used as a proxy for the liquidity risk of the DTEK Energy Group. Using this approach, the directors have recognised an ECL of 31% in these financial statements.	We assessed management's key judgement that the loans receivable should be classified as Stage 2 assets as at 31 December 2020. We have noted that there have been no defaults of principal on the loan, and assessed that the progress on negotiations with external finance providers plus improved operating results in the Ukraine provided evidence that the credit risk had decreased from April 2020 to December 2020. We have assessed certain forward looking information subsequent to year end - the fact that the key restructuring principles ("Heads of Terms") were agreed by the DTEK Energy Group with creditors and further restructuring progress since that time suggests that the probability of obtaining future cash flows in relation to the loans receivable is high. In addition, no principal or interest payments were legally required on the loans granted to intergroup companies. Given these facts, we are comfortable with management's assessment that these assets are recognised as Stage 2. In assessing the ECL rate applied by the directors, we have calculated an appropriate range for the ECL rate, through considering a variety of scenarios and assessing the probability weightings of different bond pricings. On the basis of our work performed, we are comfortable that the rate of 31% applied by management is within the expected range. We have also reviewed the disclosures in notes 2 and 7 to the Consolidated and Company's financial statements, including the quantum of sensitivity stated, and are satisfied that these disclosures are appropriate.

How we tailored the audit scope

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

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

Materiality

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

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

	Financial statements - Group	Financial statements - Company
Overall materiality	US$9.5m (2019: US$12.0m).	US$5.9m (2019: US$7.2m).
How we determined it	1% of total assets	1% of total assets
Rationale for benchmark applied	Considering the nature of the Group's operations, a total assets benchmark is considered to be the most appropriate measure in assessing its performance.	Considering the nature of the Company's operations, a total assets benchmark is considered to be the most appropriate measure in assessing its performance.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $5.9m and $7.9m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to US$7.1m for the Group financial statements and US$4.4m for the Company financial statements.

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

We agreed with those charged with governance that we would report to them misstatements identified during our audit above $475,000 (Group audit) (2019: $600,000) and $295,000 (Company audit) (2019: $360,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 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 the 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, 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.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Timothy McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 April 2021

In thousands of US$	Note	Year ended 31 December 2020	Year ended 31 December 2019
Finance income	4	136,849	120,443
Finance costs	4	(165,979)	(147,791)
Change in expected credit losses	7	(377,241)	25,681
Other income/(loss)		180	(28)
General and administrative expenses	5	(1,858)	(2,668)
Net foreign exchange (loss)/gain		(34,027)	32,314
(Loss)/Profit before income tax		**(442,076)**	**27,951**
Income tax expense	15	(287)	(265)
(Loss)/Profit for the year		**(442,363)**	**27,686**
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation		36,225	(32,369)
Total other comprehensive income/(loss)		**36,225**	**(32,369)**
Total comprehensive loss for the year		**(406,138)**	**(4,683)**

In thousands of US$'	Note	Year ended 31 December 2020	Year ended 31 December 2019
Finance income	4	47,019	40,259
Finance costs	4	(162,353)	(143,992)
Change in expected credit losses	7	(123,541)	10,225
General and administrative expenses	5	(323)	(600)
Net foreign exchange (loss)/gain		(194,765)	178,299
(Loss)/Profit before income tax		**(433,963)**	**84,191**
Income tax expense	15	(64)	-
(Loss)/Profit for the year		**(434,027)**	**84,191**
Other comprehensive income/(loss)			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation		141,105	(129,942)
Total other comprehensive income/(loss)		**141,105**	**(129,942)**
Total comprehensive loss for the year		**(292,922)**	**(45,751)**

In thousands of US$	Note	As at 31 December 2020	As at 31 December 2019*
ASSETS			
Non-current assets			
Furniture, fittings and equipment		1	15
Loans receivable	7	892,059	1,152,771
Total non-current assets		**892,060**	**1,152,786**
Current assets			
Loans receivable	7	-	-
Interest receivable	7	62,455	50,102
Other receivable		545	14
Financial investments	8	264	-
Cash and cash equivalents	8	127	724
Total current assets		**63,391**	**50,840**
TOTAL ASSETS		**955,451**	**1,203,626**
EQUITY			
Share capital	9	78	78
Currency translation reserve		(4,889)	(41,114)
Accumulated losses		(588,891)	(146,528)
TOTAL EQUITY		**(593,702)**	**(187,564)**
LIABILITIES			
Non-current liabilities			
Borrowings	10	-	1,387,580
Total non-current liabilities		**-**	**1,387,580**
Current liabilities			
Borrowings	10	1,394,916	1,961
Interest payable	10	152,858	495
Trade and other payables	11	1,315	886
Current income tax payable		64	268
Total current liabilities		**1,549,153**	**3,610**
TOTAL LIABILITIES		**1,549,153**	**1,391,190**
TOTAL LIABILITIES AND EQUITY		**955,451**	**1,203,626**

** Balances as at 31 December 2019 were restated to reflect loans receivable reclassification, see Note 7 for details.*

The financial statements on pages 22 to 49 were approved by the Board of Directors on 30 April 2021 and signed on its behalf by

Maksym Timchenko, Director

Dr. Johan Frans Jozef Maria Bastin, Director

In thousands of US$	Note	As at 31 December 2020	As at 31 December 2019
ASSETS			
Non-current assets			
Furniture, fittings and equipment		1	1
Investments in subsidiary	6	276,914	330,557
Loans receivable	7	302,692	391,414
Total non-current assets		**579,607**	**721,972**
Current assets			
Interest receivable	7	9,840	4,245
Trade and other receivables		15	14
Cash and cash equivalents	8	34	678
Total current assets		**9,889**	**4,937**
TOTAL ASSETS		**589,496**	**726,909**
EQUITY			
Share capital	9	78	78
Currency translation reserve		465,338	324,233
Accumulated losses		(1,573,240)	(1,139,213)
TOTAL EQUITY		**(1,107,824)**	**(814,902)**
LIABILITIES			
Non-current liabilities			
Borrowings	10	-	1,338,342
Total non-current liabilities		**-**	**1,338,342**
Current liabilities			
Borrowings	10	1,343,717	-
Interest payable	10	149,777	-
Other payables	11	203,762	203,469
Current income tax payable		64	-
Total current liabilities		**1,697,320**	**203,469**
TOTAL LIABILITIES		**1,697,320**	**1,541,811**
TOTAL LIABILITIES AND EQUITY		**589,496**	**726,909**

The financial statements on pages 22 to 49 were approved by the Board of Directors on 30 April 2021 and signed on its behalf by

Maksym Timchenko, Director

Dr. Johan Frans Jozef Maria Bastin, Director

In thousands of US$	Share capital	Currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2019	**78**	**(8,745)**	**(174,214)**	**(182,881)**
Profit for 2019	-	-	27,686	**27,686**
Other comprehensive loss for 2019				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	-	(32,369)	-	**(32,369)**
Total other comprehensive loss for 2019	**-**	**(32,369)**	**-**	**(32,369)**
Total comprehensive income/(loss) for 2019	**-**	**(32,369)**	**27,686**	**(4,683)**
Balance at 31 December 2019	**78**	**(41,114)**	**(146,528)**	**(187,564)**
Loss for 2020	-	-	(442,363)	**(442,363)**
Other comprehensive income for 2020				
Items that may be subsequently reclassified to profit or loss:				
Foreign currency translation	-	36,226	-	**36,226**
Total other comprehensive income for 2020	**-**	**36,226**	**-**	**36,226**
Total comprehensive income/(loss) for 2020	**-**	**36,226**	**(442,363)**	**(406,138)**
Balance at 31 December 2020	**78**	**(4,888)**	**(588,891)**	**(593,702)**

In thousands of US$	Share capital	Currency translation reserve	Accumulated losses	Total equity
Balance at 1 January 2019	**78**	**454,175**	**(1,223,404)**	**(769,151)**
Comprehensive income				
Income for 2019	-	-	84,191	**84,191**
Other comprehensive loss				
Foreign currency translation	-	(129,942)	-	**(129,942)**
Total other comprehensive loss	-	**(129,942)**	-	**(129,942)**
Total comprehensive income/(loss) for 2019	-	**(129,942)**	**84,191**	**(45,751)**
Balance at 31 December 2019	**78**	**324,233**	**(1,139,213)**	**(814,902)**
Comprehensive loss				
Loss for 2020	-	-	(434,027)	**(434,027)**
Other comprehensive income				
Foreign currency translation	-	141,105	-	**141,105**
Total other comprehensive income	-	**141,105**	-	**141,105**
Total comprehensive income/(loss) for 2020	-	**141,105**	**(434,027)**	**(292,922)**
Balance at 31 December 2020	**78**	**465,338**	**(1,573,240)**	**(1,107,824)**

In thousands of US$	Note	Year ended 31 December 2020	Year ended 31 December 2019
Cash flows from operating activities			
(Loss)/Profit before income tax		(442,076)	27,951
Adjustments for:			
Interest income	4	(136,849)	(120,443)
Finance costs	4	165,979	147,791
Other (income)/loss		(180)	28
Net change in expected credit loss for loans receivable	7	377,241	(25,681)
Net foreign exchange loss/(gain)		34,027	(32,314)
Operating cash flows before working capital changes		**(1,858)**	**(2,668)**
Change in other payables and receivables		660	(110)
Change in income tax payable		(332)	260
Cash used in operations		**(1,530)**	**(2,518)**
Interest received		8,432	151,620
Interest paid	10	(339)	(146,171)
Finance expenses attributable to restructuring of borrowings	4	(7,640)	-
Interest received from Escrow account converted in Eurobonds	10	-	23,510
Income tax paid		(534)	(320)
Net cash (used in)/generated from operating activities		**(1,611)**	**26,121**
Cash flows from investing activities			
Loans granted		(17,110)	(134,178)
Repayment of loans receivable		18,440	114,392
Financial investments made	8	(264)	-
Net cash generated from/(used in) from investing activities		**1,066**	**(19,786)**
Cash flows from financing activities			
Repayment of borrowings	10	-	(6,164)
Net cash used in financing activities		**-**	**(6,164)**
Net (decrease)/increase in cash and cash equivalents		**(544)**	**171**
Cash and cash equivalents at beginning of the year	8	**724**	**465**
Exchange (loss)/gain on cash and cash equivalents		(53)	88
Cash and cash equivalents at end of the year	8	**127**	**724**

In thousands of US$	Note	Year ended 31 December 2020	Year ended 31 December 2019
Cash flows from operating activities			
(Loss)/Profit before income tax		(433,963)	84,191
Adjustments for:			
Interest income	4	(47,019)	(40,259)
Finance costs	4	162,353	143,992
Net change in expected credit loss for loans receivable	7	123,541	(10,225)
Net foreign exchange loss/(gain)		194,765	(178,299)
Operating cash flows before working capital changes		**(323)**	**(600)**
Change in other payables and receivables		282	(21)
Cash used in operations		**(41)**	**(621)**
Interest received		7,154	41,226
Interest paid	10	-	(142,372)
Finance expenses attributable to restructuring of borrowings	4	(7,202)	-
Net cash used in operating activities		**(89)**	**(101,767)**
Cash flows from investing activities			
Repayment of payables on demand for investment in subsidiary	11	-	(2,800)
Loans granted		(550)	-
Repayment of loans receivable		-	35,786
Dividends received from subsidiary		-	69,400
Net cash (used in)/generated from investing activities		**(550)**	**102,386**
Net (decrease)/(increase) in cash and cash equivalents		**(639)**	**619**
Cash and cash equivalents at beginning of the year	8	**678**	**34**
Exchange (loss)/gain on cash and cash equivalents		(5)	25
Cash and cash equivalents at end of the year	8	**34**	**678**

1 The Organisation and its Operations

General

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

DTEK Finance PLC is a public limited company incorporated on 27 February 2013 in England and Wales (United Kingdom) through the contribution by DTEK Energy B.V. of 100% of its equity interest. Its registered office is Fifth Floor, 25 Park Lane, London, United Kingdom, W1K 1RA. 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 Fifth Floor, 25 Park Lane, London, United Kingdom, W1K 1RA), a company incorporated in England and Wales (United Kingdom). The total amount of the investment as of 31 December 2020 was US$ 276,914 thousand (31 December 2019: US$ 330,557 thousand).

Group structure

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

Going concern

The Group had an equity deficit of US$ 593,702 thousand and the Company had an equity deficit of US$ 1,107,824 thousand as at 31 December 2020. The Group's ability to continue as a going concern entirely depends on the continued ability of DTEK Energy to meet its debt service obligations fully and on time in accordance with the terms and conditions of the bank and bond debt.

DTEK Energy's business is concentrated in Ukraine, the majority of its revenue is generated in Ukraine and denominated in UAH (2020: 85% and 2019: 85 %), although DTEK Energy also receives some foreign currencies from its export of electricity and in the past through the export of coal. The majority of DTEK Energy's debt is denominated in currencies other than the UAH (mainly US$ and EUR).

Following the implementation of a new energy market in Ukraine and the downturn of electricity tariffs, the profitability of DTEK Energy's operations substantially deteriorated in the fourth quarter of 2019. Further at the beginning of 2020, the world's and the Ukrainian economy was affected by Coronavirus, that resulted in temporary suspensions of DTEK Energy's operations of some of its coal mines and enrichment plants. On 27 March 2020, DTEK Energy announced that in the context of the increasing concerns around the COVID-19 pandemic, unprecedented financial markets deterioration, and volatility of commodity prices, and their combined impact on DTEK Energy's financial position and operations, it started the process of developing a standstill and debt restructuring proposal (the "Proposal") with respect to its Eurobonds and certain bank indebtedness. Consequently, on 31 March 2020 and 1 April 2020 DTEK Energy did not make a scheduled payment (and subsequent scheduled payments) of interest on its bank borrowings and interest coupon due on the Eurobonds, thus defaulting on its bank borrowings and the Eurobonds.

As a result of default, DTEK Energy had an excess of current liabilities over current assets of US$ 2,146,732 thousand (in 2019 current assets exceeded current liabilities of US$ 22,712 thousand) and US$ 571 million of negative net assets (31 December 2019: positive net assets of US$ 254 million). Excess of current liabilities over current assets was caused by the classification of US$ 2,061 million of bank borrowings including interest accrued as current that are in default as of 31 December 2020. DTEK Energy management plans to cover existing deficit in net assets through earnings of profits in the future periods.

In February 2021, subsequent to the balance sheet date DTEK Energy and the Group agreed on the key restructuring principles ("heads of terms") with the committee of bondholders formed in May 2020 and members of the committee of DTEK Energy lenders. Respective announcement was published on the London Stock Exchange on 8 February 2021. The heads of terms include, but are not limited to:

- exchange of indebtedness under existing loans and Eurobonds to the New Notes issued by Company or other subsidiary of DTEK Energy ("New Notes") with the final maturity in 2027 and 7% interest per annum payable quarterly except for 2021 where interest payable is limited to 5% per annum provided that at least 1.5% is paid in cash and the remaining is capitalised; payment schedule for New Notes proposes USD 20 million payable per annum in semi-annual instalments commencing from June 2022;
- the excess of average available cash in any semi-annual period over and above USD 50 million to be used for discounted buybacks by way of public Dutch Auction; any unused amounts following completion of the Dutch Auction should be used to redeem the New Notes pro rata at par;

1 The Organisation and its Operations (continued)

- debt guaranteed by DTEK Oil&Gas B.V. (as at 31 December 2020 held on the balance sheet of DTEK Energy B.V. as a non-current loan with carrying value of US$ 515 million) will be exchanged to the Notes issued by NGD Holdings B.V. ("DOG Notes") in favour of the holders of the existing Eurobonds with the principal amount of US$ 425 million and final maturity in 2026 and 6.75% annual interest payable semi-annually;
- providing additional credit support through pledge over 100% of the shares in DTEK Energy B.V. by a new intermediary holding company that will be created between DTEK B.V. and DTEK Energy B.V.;
- appointment of Independent Supervisory Board Member from the candidates proposed by creditors and who shall have a veto right on a number of transactions of DTEK Energy, including regarding the transactions with affiliates to the Group.

DTEK Energy intends to implement the restructuring on the basis of the Heads of Terms by way of two inter-conditional schemes of arrangement under Part 26A of the Companies Act 2006 and will circulate a practice statement letter and related documentation setting out the full terms of the Restructuring (including the enhanced package of covenants that will be agreed by that time) to its creditors in due course. Among other steps, the following needs to occur for restructuring to become legally binding:

- obtaining of required corporate approvals (including minority shareholder of Naftogazvydobuvannya PJSC) in relation to issue of guarantees/suretyships by the entities of DOG and DTEK Energy;
- the approval of the terms of Restructuring by a majority in number (more than 50 per cent.) representing at least 75% in value of the relevant creditors of DTEK Energy present and voting followed by the Court order sanctioning the scheme of arrangement which shall be applied to the remaining creditors. On 26 March 2021 DTEK Energy B.V. entered into a binding lock-up agreement with all of the members of the Noteholder Ad Hoc Group and members of the Bank Lender Ad Hoc Group representing in excess of 90% of the principal amount of the Group's bank loan facilities subject to restructuring and started to gather votes for a restructuring among the wider group of investors to get the required number of votes. The voting shall be held until 5th May 2021 and management expects to be able to get the required minimum of votes to finalise the restructuring.

Once implemented, it is expected that the Restructuring will provide DTEK Energy with a sustainable debt service profile and allow it to operate its business on a stable basis going forward.

Further, as a part of the budgeting process, Management prepared monthly budget and cash flow projections for DTEK Energy for periods throughout the 2021 and the first six months of 2022. These projections include judgment with regard to electricity prices and are based on approved by Supervisory Board business plan for 2021 and supported by performance to date in 2021. Management has estimated that the overall cash flows are positive, indicating that there is no liquidity gap in any month. The projected cash flows assume:

- that the lenders shall not demand accelerated and scheduled repayment of principal on borrowings under the existing terms, while interest payments and payments of principal are in line with the head of terms discussed above;
- keeping the existing market rules in 2021 and some improving these starting from 2022 for the coal power generation market participants (e.g. expected cancellation of existing price caps from 2022);
- electricity generation volumes remain nearly at the same level as achieved in 2020, which is in the range of expected thermal generation volumes according to the forecasted balance of electricity approved by Ministry of Energy of Ukraine;
- the average tariffs for 2021 are expected to increase by 11% compared to 2020. The average observed tariff for January-March 2021 was approximately 11% higher than average tariff for January-March 2020.

Management applied sensitivities based on the available internal and external data, including assessment of possible changes in electricity tariff levels. As a result, the sensitivity to electricity tariff was tested by management as this factor is considered as the most volatile in the forecast. As a result of the analysis of the sensitivity of cash flows it was noted that a reduction of tariffs during the next 12 months till 30 April 2022 by 10% (which was considered as maximum reasonably possible negative sensitivity) as compared with the budgeted cash flows would not result in liquidity gaps for the Group in any of the months assuming the ability of management to use mitigating liquidity measures including reduction of capital expenditure to the levels actually achieved in 2020 while maintaining minimum safety and environmental standards, varying the maintenance budget between the periods and optimising working capital through renegotiation of payment terms with suppliers under the common control by DTEK B.V.

Based on cash flow projections and through implementation of the mitigating actions if needed, DTEK Energy, the Group and the Company will have sufficient liquidity to continue serving the operating needs of the business, as well as to perform payments according to expected terms of restructuring. Still DTEK Energy, the Group and the Company is unable to make repayment of its borrowings according to the initial or accelerated schedule (before the finalisation of the restructuring). Whilst management expects that the lenders will be willing to finalise the debt restructuring process, the uncertainties related to their ability to perform the steps indicated above for restructuring to be finalised and become legally binding, result in a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern, and, therefore, it may be unable to realise the Group's and Company's assets and discharge its liabilities in the normal course of business.

1 The Organisation and its Operations (continued)

As of the date of issuance of these financial statements, the bond holders and lenders did not use their right to demand from the Group the accelerated repayment of borrowings except one of the creditors as disclosed in Note 21 and are in negotiation with the Group regarding the finalisation of restructuring process.

Taking into account the current status of the restructuring process and based on cash flow projections performed, management considers that the application of the going concern assumption for the preparation of these financial statements is appropriate. 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.

2 Critical accounting estimates and judgments

DTEK Energy and the Group perform an analysis of risk factors, which, if any should realise, would materially and adversely affect the results and financial position of DTEK Energy and therefore of the Group.

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:

Impairment trigger assessment of loans receivable (Group and Company) and the investment in subsidiary (Company)

All the Group's loan receivables are within 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 announced technical default of the DTEK Energy Group and the non-payment of interest represents evidence of an impairment trigger. Accordingly the following assessments were made:

1) Investment in subsidiary. The book value of the subsidiary's net assets 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.

2) 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.

Also the ECL rate in relation to loans receivable already embeds the risk associated with non-repayment of loans receivable (Note 7), and, therefore, the ECL reflects any potential impairment.

ECL stage 2 vs stage 3 classification

The announced technical default of the DTEK Energy Group on its external bonds evidenced the significant increase in credit risk of the intercompany loans receivable since the previous year end. However, there have been no defaults of principal on the loan and progress on negotiations with external creditors plus improved operating results in the Ukraine provided evidence that the credit risk had decreased since April 2020 by December. At the year end, the Group has also taken into account the certain forward looking information - the fact that the key restructuring principles ("heads of terms") were agreed by DTEK Energy Group with creditors and further restructuring progress since that time suggests that the probability of obtaining future cash flows in relation to the loans receivable is high.

Therefore, management considers that the application of stage 2 lifetime ECL to loans receivable (Note 7) at the year end is appropriate, as these assets should be considered under-performing rather than non-performing given the expectation of successful restructure.

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 Group and Company are 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 the local currency 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.

2 Critical accounting estimates and judgments (continued)

Critical accounting estimate:

Expected credit losses (ECL) measurement

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

The Group recognises an ECL on its intercompany notes receivable from the DTEK Energy Group, and has determined the appropriate ECL rate through analysis of the bond prices of the Group's listed Eurobonds, which are used as a proxy for the liquidity risk of the DTEK Energy Group. Taking into account a variety of scenarios and assessing the probability weightings, management has determined that a range of 22% to 31% would be appropriate, and has recognised an ECL of 31% in these financial statements. The impact of adjusting the expecting credit loss provision to the lower % would be a reduction in the provision of US$ 124,502 thousand for Group and US$ 40,761 thousand for Company. If there was a further 9% increase in credit risk in the next 12 months then the increase in provision would be US$ 124,502 thousand for Group and US$ 40,761 thousand for Company.

3 Accounting policies

Basis of preparation

The consolidated financial statements of the Group and Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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, RUB, 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 the income statement. Translation at year end does not apply to non-monetary items including equity investments.

3 Accounting policies (continued)

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 28.275 UAH/USD and 1.2286 EUR/USD as at 31 December 2020 (31 December 2019: 23.686 UAH/USD and 1.1155 EUR/USD). Average exchange rate for 2020 was 26.964 UAH/USD and 1.1423 EUR/USD (2019: 25.837 UAH/USD and 1.1201 EUR/USD).

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.

3 Accounting policies (continued)

Impairment financial asset (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, 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.

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. 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 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 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 assets 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 the consolidated income statement 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 the income statement, 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 the 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 Group and Company, payments associated with them are recognized on a straight-line basis as an expense in profit or loss.

Share capital

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

Borrowings

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

Finance income and costs

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

Financial guarantees

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

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

- ***Amendments to the Conceptual Framework for Financial Reporting*** (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020);
- ***Definition of a business – Amendments to IFRS 3*** (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020);
- ***Definition of materiality – Amendments to IAS 1 and IAS 8*** (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020);
- ***Interest rate benchmark reform – Amendments to IFRS 9, IAS 39 and IFRS 7*** (Issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 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 an 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 2020	Year ended 31 December 2019
Finance income		
Interest income on loans receivable	136,845	120,364
Interest income on deposit placed	4	79
Total finance income	**136,849**	**120,443**
Interest expense		
- Eurobonds issued	149,776	143,041
- bank borrowings	3,189	3,799
Amortized cost expenses on Eurobonds issue	5,375	951
Finance expenses attributable to restructuring of borrowings	7,640	-
Total finance costs	**165,979**	**147,791**
Total finance costs, net	**(29,130)**	**(27,348)**

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

In thousands of US$	Year ended 31 December 2020	Year ended 31 December 2019
Finance income		
Interest income on loans receivable	47,019	40,259
Total finance income	**47,019**	**40,259**
Interest expense		
- Eurobonds issued	149,776	143,041
Amortized cost expenses on Eurobonds issue	5,375	951
Finance expenses attributable to restructuring of borrowings	7,202	-
Total finance costs	**162,353**	**143,992**
Total finance costs, net	**(115,334)**	**(103,733)**

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 2020	Year ended 31 December 2019
Professional fees	306	700
Staff costs, including:	954	1,432
Wages and salaries	*512*	*723*
Social security costs	*415*	*650*
Other pension costs	*27*	*59*
Related parties fees*	414	409
Audit fees	110	98
Bank charges	61	15
Depreciation	13	14
Total	**1,858**	**2,668**

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

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

In thousands of US$	Year ended 31 December 2020	Year ended 31 December 2019
Professional fees	113	431
Audit fees	53	64
Staff costs, including	76	53
Wages and salaries	*49*	*32*
Social security costs	*27*	*21*
Related parties fees*	52	47
Bank charges	29	5
Total	**323**	**600**

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

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

In thousands of US$	Year ended 31 December 2020	Year ended 31 December 2019
Fees payable to the Company's auditors for the audit of the Company and consolidated financial statements	53	64
Fees payable to the Company's auditors for other services:		
The audit of the Company's subsidiary	50	34
Total audit services	**103**	**98**
Tax advisory and tax compliance services	58	104
Total tax advisory services	**58**	**104**
Total	**161**	**202**

6 Investments in subsidiary

The Company owns 100% of the issued ordinary share capital of DTEK Investments Limited, a company incorporated in England and Wales (United Kingdom, Note 1). The investment was originally made in the Company's presentation currency and was retranslated into the functional currency at that time. As this is a non-monetary asset, it is not revalued at the end of each period (in functional currency), thus creating a translation difference when retranslating into the presentation currency. As at 31 December 2020 the total amount of the investment in the presentation currency was US$ 276,914 thousand (as at 31 December 2019: US$ 330,557 thousand). The factors evidencing the presence of impairment triggers of the investment in subsidiary and conclusions are described in Note 2.

In thousands of US$	2020	2019
Opening balance as at 1 January	**330,557**	**282,778**
Foreign currency translation	(53,643)	47,779
Closing balance as at 31 December	**276,914**	**330,557**

7 Loans and interest receivable

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

In thousands of US$	2020	2019*
Non-current		
Loans granted to related parties	892,059	1,152,771
Total non-current loans receivable	**892,059**	**1,152,771**
Current		
Loans granted to related parties	-	-
Interest receivable	62,455	50,102
Total current loans and interest receivable	**62,456**	**50,102**

* *Balances at 31 December 2019 were restated because loans granted to related parties in the amount of US$ 214,943 thousand were reclassified from current to non-current in order to reflect the addendum to loan agreements signed that postpone the loan due dates till 2027.*

As at 31 December 2020 non-current loans (after provision for ECL) are EUR 17,004 thousand (equivalent to US$ 20,891 thousand) and US$ 871,168 thousand issued to companies of DTEK Energy and repayable in the years from 2022 to 2027 and carrying interest ranging from 8% to 11.1 % per annum. As at 31 December 2019 the non-current loans (after provision for ECL) were EUR 22,096 thousand (equivalent to US$ 24,510 thousand) and US$ 1,128,261 thousand issued to the companies of DTEK Energy and repayable between 2021 and 2026 and carried interest ranging from 8% to 11.1% per annum. The principal and interest amounts are payable at any time before the cut-off date at the mutual agreement of parties of the contract. For some contracts the interest is payable on a quarterly basis.

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

In thousands of US$	2020	2019
Non-current		
Loans granted to related parties	302,693	391,414
Total non-current loans receivable	**302,693**	**391,414**
Current		
Interest receivable	9,840	4,245
Total current loans and interest receivable	**9,840**	**4,245**

As for the 12 months to 31 December 2020, the Group and the Company applied an expected loss rate of 31% (12 months to 31 December 2019: 4.09%) for the financial receivables from related parties, which are the only financial instruments represented in the Group's and Company's balance sheet. Due to significant increase of credit risk in relation to loans and interest receivable in 2020 (Note 2) the Group and the Company have revised its ECL in relation to loans and interest receivable, those were transferred from stage 1 to stage 2 of the credit loss model and the lifetime ECL was applied (12 months to 31 December 2019: 12-months ECL).

7 Loans and interest receivable (continued)

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 2020	Financial receivables as at 2019
Provision for impairment at 01 January	**51,294**	**77,040**
Changes for the year resulted from:		
ECL Rate growth/(decrease)	371,911	(29,766)
Balance sheet changes	5,331	4,085
Total changes for non-forex factors	*377,242*	*(25,681)*
Exchange rate difference	303	(65)
Total changes for the year	**377,545**	**(25,746)**
Provision for impairment at 31 December	**428,839**	**51,294**

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 2020	Financial receivables as at 2019
Provision for impairment at 01 January	**16,871**	**27,096**
Changes for the year resulted from:		
ECL Rate growth/(decrease)	121,908	(9,794)
Balance sheet changes	1,633	(431)
Total changes for non-forex factors	*123,541*	*(10,225)*
Total changes for the year	**123,541**	**(10,225)**
Provision for impairment at 31 December	**140,412**	**16,871**

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

As mentioned above as at 31 December 2020 financial receivables were transferred from stage 1 to stage 2 of the expected credit loss model.

8 Cash and Cash Equivalents, Financial Investments

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

In thousands of US$	2020	2019
US$	29	41
EUR	44	674
GBP	54	9
Total cash and cash equivalents	**127**	**724**

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

In thousands of US$	2020	2019
US$	13	10
EUR	6	667
GBP	15	1
Total cash and cash equivalents	**34**	**678**

Cash and cash equivalents represent the cash in bank accounts. As at 31 December 2020 and at 31 December 2019 no cash and cash equivalents were restricted in use.

US$ 264 thousand recognised as financial investments in the Consolidated Statement of Financial Position (31 December 2019 – nil) represents the amount held in a distribution account in relation to bank interest payable for the period. This amount has been paid by the Company's subsidiary, but not yet withdrawn by bank.

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$	**2020**	**2019**
Non-current		
Eurobonds– nominal value	-	1,343,717
Amortized organizational fees	-	(5,375)
Bank borrowings	-	49,238
Total non-current borrowings	**-**	**1,387,580**
Current		
Eurobonds– nominal value	1,343,717	-
Bank borrowings	51,199	1,961
Interest accrual on Eurobonds	149,777	-
Interest payable on bank borrowings	2,633	48
Interest payable on loans from related parties	447	447
Total current borrowings and interest accrual	**1,547,773**	**2,456**

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

In thousands of US$	**2020**	**2019**
Non-current		
Eurobonds– nominal value	-	1,343,717
Amortized organizational fees	-	(5,375)
Total non-current borrowings	**-**	**1,338,342**
Current		
Eurobonds– nominal value	1,343,717	-
Interest accrual on Eurobonds	149,777	-
Total current borrowings and interest accrual	**1,493,494**	**1,338,342**

10 Borrowings and interest payable (continued)

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

In thousands of US$	2020 Total	2020 Eurobonds	2020 Bank and other borrowings	2019 Total
Opening balance as at 1 January	**1,390,036**	**1,338,342**	**51,964**	**1,295,745**
Cash movements				
Repayment of borrowings	-	-	-	(6,164)
Interest paid during the year	(339)	-	(339)	(146,171)
Financial investments made	(264)	-	(264)	-
Interest received from Escrow account converted in Eurobonds	-	-	-	23,510
Non-cash movements				
Interest accrued during the year	152,965	149,776	3,189	146,771
Amortized organizational fees for Eurobonds	5,375	5,375	-	951
Recognition of Eurobonds upon restructuring	-	-	-	76,490
Foreign exchange gain	-	-	-	(1,096)
Other movements	-	1	(1)	-
Closing balance as at 31 December	**1,547,773**	**1,493,494**	**54,280**	**1,390,036**

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

In thousands of US$	2020*	2019*
Opening balance as at 1 January	**1,338,342**	**1,237,394**
Cash movements		
Interest paid during the year	-	(142,372)
Interest received from Escrow account converted in Eurobonds	-	23,510
Non-cash movements		
Interest accrued during the year	149,776	142,972
Amortized organizational fees for Eurobonds	5,375	951
Recognition of Eurobonds upon restructuring	-	76,490
Foreign exchange gain	-	(603)
Other movements	1	-
Closing balance as at 31 December	**1,493,494**	**1,338,342**

**all of the movements are related to Eurobonds*

10 Borrowings and interest payable (continued)

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

In thousands of US$	2020	2019
US$	1,547,773	1,390,036
Total borrowings	**1,547,773**	**1,390,036**

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

In thousands of US$	2020	2019
Loans and borrowings due:		
- within 1 year	1,547,773	2,456
- between 1 and 5 years	-	1,387,580
Total borrowings	**1,547,773**	**1,390,036**

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

Management believes that the Group will be able to finalise the restructuring of their bank borrowings and Eurobonds according to the head of terms as disclosed in Note 1. Prior to the finalization of restructuring, the bank borrowings of the Group and Company including principal and interest accrued totalling US$ 53,832 thousand, and Eurobonds, including principal and interest accrued totalling US$ 1,493,494 thousand, as at 31 December 2020, remain in default and as a result were reclassified as current borrowings.

The key terms and conditions that were achieved by the DTEK Energy and Group with the creditors during the previous restructuring process that was finalised in 2019 year are:

• Bank borrowings. Upon restructuring finalized in 2017 – 2019 the maturity dates of the bank debt were extended to 30 June 2023. The interest rates for the restructured bank debt denominated in USD were amended to Libor 1m+5%.

• Eurobonds. Upon restructuring finalized in 2016 – 2019 the maturity of New Notes was extended to 31 December 2024. The nominal interest rate under the New Notes is 10.75%.

Currently, DTEK Energy and the Group are in negotiations with lenders on a new restructuring proposal.

Covenants. The existing debt documentation contains specific covenants, including but not limited to limitations on distribution to shareholders (unless such distribution is made pursuant to mandatory requirements of the law), limits on capital expenditure, restrictions on permissible business activities, requirement to perform transactions on an arm's length basis, requirement to make periodic disclosure of financial information, permissible levels of additional financial indebtedness and cash interest cover.

Following the events of default in respect of the majority of bank borrowings disclosed above, the Group and the Company remain in breach on their covenants in relation to this debt at the reporting date. However, none of the debt holders exercised their right for accelerated repayment in respect of the principal amounts to that date except as disclosed in Note 21.

11 Trade and other payables

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

In thousands of US$	31 December 2020	31 December 2019
Other payables to related parties	744	691
Other payables	571	195
Total	**1,315**	**886**

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

In thousands of US$	31 December 2020	31 December 2019
Payables on demand for investments in subsidiary*	203,225	203,225
Other payables to related parties	20	10
Other payables	517	234
Total	**203,762**	**203,469**

** 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 2020 the total net debt and total equity deficit of the Group were US$ 1,547,647 thousand and US$ 593,702 thousand respectively (31 December 2019: US$ 1,389,312 thousand and US$ 187,564 thousand), the net debt to equity ratio was (261) % (31 December 2019: (740) %).

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$	2020*	2019*
Interest income (Note 4)	136,845	120,364
Finance expenses attributable to restructuring of borrowings (Note 4)	2,035	-
Loans granted and interest accrued (Note 7)	954,414	1,202,873
Loans received and interest accrued (Note 10)	447	447
Trade and other payables (Note 11)	744	691
Related parties fees (Note 5)	414	409

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

In thousands of US$	2020*	2019*
Interest income (Note 4)	47,019	40,259
Finance expenses attributable to restructuring of borrowings (Note 4)	1,960	-
Loans granted and interest accrued (Note 7), including:	312,533	395,659
balance with subsidiary, DTEK Investments Limited (UK)	*9,091*	*10,904*
Trade and other payables (Note 11), including:	203,245	203,225
balance with subsidiary, DTEK Investments Limited (UK)	*203,225*	*203,225*
Related parties fees (Note 5)	52	47

**The balances are stated after the provision for ECL.*

Please refer to Note 17 for key management personal remuneration.

14 Ultimate controlling parties

DTEK Energy B.V., a company registered in the Netherlands, is the immediate parent company and DTEK B.V., a company registered in the Netherlands, is the ultimate parent company, which is beneficially owned by Mr. Rinat Akhmetov. DTEK Energy B.V. is the parent undertaking of the largest and the smallest group of undertakings to consolidate these financial statements. Please follow the link to find the DTEK Energy B.V. financial statements:
https://energo.dtek.com/en/ir/bonds-reporting/

15 Income tax expense

The Group tax expense was as follows:

In thousands of US$	2020	2019
Current income tax expense	287	265
Income tax expense	**287**	**265**

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

In thousands of US$	2020	2019
Profit/(Loss) before income tax	(442,076)	27,951
Income tax rate	19%	19%
Income tax at statutory rates	(83,994)	5,311
Tax effect of:		
- Items not deductible or assessable for taxation purposes	84,281	(5,046)
Income tax expense	**287**	**265**

The Company tax expense was as follows

In thousands of US$	2020	2019
Current income tax expense	64	-
Income tax expense	**64**	**-**

The differences for the Company are explained below:

In thousands of US$	2020	2019
Profit/(Loss) before income tax	(433,963)	84,191
Income tax rate	19%	19%
Income tax at statutory rates	(82,453)	15,996
Tax effect of:		
- Items not deductible or assessable for taxation purposes	82,517	(15,996)
Income tax expense	**64**	**-**

The Finance Act 2020 set the main rate of corporation tax at a level of 19% for the 2020\2021 financial year (the same rate as for the previous 2 financial years). This is a change from the 2015 Budget announcement that the rate would be reduced to 18% from 1 April 2020, and the 2016 Budget announcement that the rate would be further reduced from 18% to 17% from 1 April 2020. The rate of 19% was applied to all the taxable profits of the Group.

As of 1 January 2020, the Group had no tax losses brought forward from prior years. The Group determined taxable profits in accordance with the arm's length principle for the period of 2019-2020.

Although interest rates on loans to related parties were set based on market conditions confirmed by market research, the companies made transfer pricing adjustments to limit costs due to an imbalance between loans received and granted. Starting from FY19, DTEK has undertaken the thin capitalization and transfer price (TP) analysis, following which the Group applies the transfer pricing policy which yields a similar economic outcome to the previous Advanced Thin Capitalization Agreement (ATCA), subject to general and administrative costs deduction), which results in the Group earning an arm's length remuneration reflective of its functional and risk profile.

DTEK Investments Limited and DTEK Finance PLC jointly generated taxable profit during the years 2013-2019 and were in a tax payable position.

Currently the Group plans to justify the congruence of operations with the arm's length principle by preparation of the Transfer Pricing Documentation. According to preliminary analysis, it is expected that the Company and DTEK Investments Limited will jointly be in a tax payable position from a CIT standpoint similarly as it was in previous years. The Group intend to accrue a CT in the amount of GBP 72,685 (US$ 98,815).

16 Personnel

The monthly average number of employees of the Group and the Company in 2020 were 6 and 3 respectively. (2019: 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 2020, the remuneration of the directors consisted of 2 parts: 1) the salary of directors, for the amount of US$ 341 thousand (2019: US$ 335 thousand); 2) US$ 6 thousand represented by short-term employee benefits (2019: US$ 6 thousand). Maksym Timchenko provides management services to both the ultimate parent and DTEK Finance PLC. The remuneration of Maksym Timchenko is paid by other DTEK companies and it is not possible to make an accurate apportionment of his remuneration in respect of each of the companies. Accordingly, the above details include no remuneration in respect of Maksym Timchenko. His total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of the ultimate parent company. There were no post-employment or other long term benefits for directors.

18 Contingent liabilities

The Group together with other subsidiaries of DTEK Energy have given guarantees in respect of the bank borrowings and available credit limits of fellow subsidiaries and affiliates, which amounted to EUR 73,242 thousand, US$ 103,199 thousand, CHF 20,317 thousand and UAH 365,421 thousand at 31 December 2020 (at 31 December 2019: EUR 73,242 thousand, US$ 103,199 thousand, CHF 20,317 thousand and UAH 365,421 thousand). The actual borrowings, including interest due, of fellow subsidiaries amounted to US$ 169,242 thousand at 31 December 2020 (at 31 December 2019: US$ 169,242 thousand). As at 31 December 2020 and 2019, management estimates that the difference between book value and fair value of these guarantees 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 2020**	**31 December 2019**
Loans receivable (Note 7)	1,292,842	1,201,943
Interest receivable (Note 7)	90,516	52,239
Cash and cash equivalents (Note 8)	127	724
Total	**1,383,485**	**1,254,906**

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

In thousands of US$	**31 December 2020**	**31 December 2019**
Loans receivable (Note 7)	438,685	408,106
Interest receivable (Note 7)	14,262	4,426
Cash and cash equivalents (Note 8)	34	678
Total	**452,981**	**413,210**

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

As at 31 December 2020 cash and cash equivalents of the Group of US$ 102 thousand were placed in banks rated by Moody's Investors Service as A3, US$ 25 thousand were placed in banks rated by Moody's Investors Service as Caa1.

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 Group's functional currency is Ukrainian Hryvnia and accordingly its exposure to foreign currency risk is determined mainly by borrowings, gross settled derivative financial instruments, cash balances and deposits, which are denominated in or linked to US$, EUR and RUB. 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.

19 Financial Risk Management (continued)

	At 31 December 2020		At 31 December 2019	
In thousands of US$	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
US$ strengthening by 10% (2019: 25%)	(46,132)	(46,132)	(53,551)	(53,551)
US$ weakening by 10% (2019: 25%)	46,132	46,132	53,551	53,551
Euro strengthening by 10% (2019: 25%)	2,016	2,016	6,272	6,272
Euro weakening by 10% (2019: 25%)	(2,016)	(2,016)	(6,272)	(6,272)
GBP strengthening by 10% (2019: 25%)	(20)	(20)	(112)	(112)
GBP weakening by 10% (2019: 25%)	20	20	112	112

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

	At 31 December 2020		At 31 December 2019	
In thousands of US$	Impact on profit or loss	Impact on equity	Impact on profit or loss	Impact on equity
US$ strengthening by 10% (2019: 25%)	(110,775)	(110,775)	(203,884)	(203,884)
US$ weakening by 10% (2019: 25%)	110,775	110,775	203,884	203,884
EUR strengthening by 10% (2019: 25%)	1	1	167	167
EUR weakening by 10% (2019: 25%)	(1)	(1)	(167)	(167)
GBP strengthening by 10% (2019: 25%)	(8)	(8)	(12)	(12)
GBP weakening by 10% (2019: 25%)	8	8	12	12

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 2020 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	1,957,432	-	-	-	1,957,432
Bank borrowings	58,574	-	-	-	58,574
Loans from related parties	-	447	-	-	447
Trade and other payables (Note 11)	1,315	-	-	-	1,315
Total future payments, including future principal and interest payments	**2,017,321**	**447**	**-**	**-**	**2,017,768**

19 Financial Risk Management (continued)

The maturity analysis of financial liabilities of the Group at 31 December 2019 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	72,225	72,225	144,450	1,704,645	1,993,545
Bank borrowings	3,596	3,413	6,452	48,387	61,848
Loans from related parties	-	447	-	-	447
Trade and other payables (Note 11)	886	-	-	-	886
Total future payments, including future principal and interest payments	**76,707**	**76,085**	**150,902**	**1,753,032**	**2,056,726**

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

In thousands of US$	Up to 6 months and on demand	6 -12 months	1 - 2 years	2 - 5 years	Total
Liabilities					
Eurobonds	1,957,432	-	-	-	1,957,432
Trade and other payables (Note 11)	203,469	-	-	-	203,469
Total future payments, including future principal and interest payments	**2,160,901**	**-**	**-**	**-**	**2,160,901**

The maturity analysis of financial liabilities of the Company at 31 December 2019 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	72,225	72,225	144,450	1,704,645	1,993,545
Trade and other payables (Note 11)	203,469	-	-	-	203,469
Total future payments, including future principal and interest payments	**275,694**	**72,225**	**144,450**	**1,704,645**	**2,197,014**

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.

20 Fair value of Financial Instruments (continued)

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 (after recognition of the ECL) of loans granted to related parties and associated interest receivable (Nte 7), and the fair value of these assets.

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 2020			31 December 2019		
In thousands of US$	**Level 1**	**Level 2**	**Carrying value**	**Level 1**	**Level 2**	**Carrying value**
Financial liabilities						
Eurobonds (Note 10)	-	785,470	1,343,717	1,372,594	-	1,338,342
Borrowings and interest accrual (Note 10)	-	119,020	203,609	-	53,017	51,694
TOTAL LIABILITIES	**-**	**904,490**	**1,547,326**	**1,372,594**	**53,017**	**1,390,036**

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 2020			31 December 2019		
In thousands of US$	**Level 1**	**Level 2**	**Carryin g value**	**Level 1**	**Level 2**	**Carrying value**
Financial liabilities						
Eurobonds(Note 10)	-	785,470	1,343,717	1,372,594	-	1,338,342
Interest accrual on Eurobonds (Note 10)	-	87,552	149,777	-	-	-
TOTAL LIABILITIES	**-**	**873,022**	**1,493,494**	**1,372,594**	**-**	**1,338,342**

The description of valuation technique used in the fair value measurement for level 2 measurements:

	Fair value level 2			
In thousands of US$	**2020**	**2019**	**Valuation technique**	**Inputs used**
Financial liabilities				
Eurobonds (Note 10)*	785,470	-	Market approach	Market quotes on DTEK Eurobonds
Borrowings and interest accrual (Note 10)	119,020	53,017	Market approach	Market quotes on DTEK Eurobonds
TOTAL LIABILITIES	**904,490**	**53,017**		

*The valuation technique on Eurobonds fair value has been adjusted due to unpaid interest, transferring Eurobonds from level 1 to level 2 in comparison with 2019.

21 Subsequent events

On 13 April 2021 one of the creditors of DTEK Energy obtained from the courts of Cyprus and Netherlands freezing order and conservative attachment respectively in relation to assets of certain Cyprus and Dutch subsidiaries of DTEK Energy. The Group and the Company has loans receivable due from one of these subsidiaries in the amount of US$ 802,393 thousand and US$ 331,781 thousand respectively as at 31 December 2020. Management has assessed this as a non-adjusting event after the reporting date and believes that this event does not impact the recoverability of these loans receivable as management does not expect this event to prevent the Restructuring schemes of arrangement.

There were no other significant events subsequent to the year end apart from the ones described in Note 1.